

Native Vegetation Regulations Three-yearly Report

July 2017 – June 2020



July 2021

OFFICIAL

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Acknowledgment

We acknowledge and respect Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it. We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

We are committed to genuinely partner, and meaningfully engage, with Victoria's Traditional Owners and Aboriginal communities to support the protection of Country, the maintenance of spiritual and cultural practices and their broader aspirations in the 21st century and beyond.



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Acronyms

Acronym	Definition
BIM	Biodiversity Interactive Map
BMO	Bushfire Management Overlays
CFL Act	<i>Conservation, Forests and Lands Act 1987</i>
DBH	Diameter at Breast Height
EVC	Ecological Vegetation Class
HIM	Habitat Importance Map
MER	Monitoring, Evaluation and Reporting (Plan)
NVCCoP	Native Vegetation Compliance Community of Practice
NVCR	Native Vegetation Credit Register
NVIM	Native Vegetation Information Management (Map)
NVOM	Native Vegetation Offset Management
NVOR	Native Vegetation Offset Register
NVPP	Native Vegetation Precinct Plans
NVR	Native Vegetation Regulations
NVRR	Native Vegetation Removal Report
PIA	Planning Institute of Australia
PPARS	Planning Permit Activity Reporting System
SPCMS	Statutory Planning Case Management System
VPP	Victoria Planning Provisions
VQA	Vegetation Quality Assessment

1 Introduction

This Three-yearly Report has been prepared in accordance with the *Monitoring, Evaluation and Reporting (MER) Plan, Removal, Destruction or Lopping of Native Vegetation*, a document prepared by the Department of Environment, Land, Water and Planning (DELWP) in 2019 to guide ongoing evaluation of the following objective under the Native Vegetation Regulations (NVR) —

To ensure that there is no net loss to biodiversity as a result of the removal, destruction or lopping of native vegetation

The MER Plan establishes an adaptive framework for evaluating this objective, with process improvements informed by ongoing monitoring, evaluation and reporting. This Three-yearly Report forms a key component of the evaluation process, reviewing the operation of the NVR during the three-year period between July 2017 and June 2020, and identifying improved processes for ongoing evaluation of the no net loss objective.

1.1 Context

Regulation of native vegetation in Victoria has evolved significantly since introduction of the state-wide native vegetation retention controls in 1989, with key policy reforms in 2002, 2013 and 2017 redefining the strategies and objectives for regulating native vegetation removals across the state.

The most recent key policy reforms, implemented in 2017 through Amendment VC138 to the Victoria Planning Provisions (VPP), reinforced the no net loss objective and the supporting three-step approach (avoid, minimise and offset) in Clauses 12.01-2S, 52.16, 52.17 and the incorporated document *Guidelines for the Removal, Destruction or Lopping of Native Vegetation* (the Guidelines) (DELWP 2017a¹).

The no net loss objective aims, as a minimum, to neutralise the adverse effects of permitted native vegetation removal on Victoria's biodiversity values. Ongoing achievement of the objective supports the State Government's long-term commitments to biodiversity, including the following objective set by the *Biodiversity 2037 Plan* (DELWP 2017b) —

An overall 'net gain' in the extent and condition of native habitats across terrestrial, waterway and marine environments over the 20-year life of the Plan

Achieving the above objective is dependent on the gains produced through meeting set targets in the *Biodiversity 2037 Plan* (e.g. 200,000 hectares of revegetation in priority areas for connectivity between habitats), and by ensuring achievement of the no net loss objective under the NVR.

These links to broader commitments and strategies for biodiversity in Victoria support the need for ongoing evaluation of the no net loss objective. The importance of evaluation was also highlighted during the extensive stakeholder consultation process led by DELWP throughout 2015 and 2016 to inform the 2017 reforms. Based on feedback received through consultations, DELWP identified the following Proposed Improvement Action (No.4) in the *Outcomes Report, Review of the Native Vegetation Clearing Regulations* (DELWP 2016) —

Improve monitoring to determine if the regulations are achieving their objective and make this information publicly available

This Proposed Improvement Action was addressed by DELWP through the publication of the MER Plan in January 2019, which provides a framework for reporting on the implementation of the NVR and informing future evaluations of the *Biodiversity 2037 Plan* objectives.

¹ Letters used to delineate references with the same author and date.

1.2 Scope and structure of this report

The MER Plan directs evaluation of the no net loss objective through periodic reporting; directing the requirement for annual reporting on the functioning of the regulatory system, and the preparation of Three-yearly and Six-yearly Reports aimed at specific avenues of evaluation.

The MER Plan outlines the following intended scope for this Three-yearly Report:

- *To include all information in the annual reports and the following additional information:*
 - *Linking credit allocations to permits to determine if required offsets have been secured in these cases.*
 - *The extent that offset site management actions are being implemented.*
 - *Measuring regulatory effectiveness to check DELWP's systems and tools, and associated support systems are functioning correctly, helpful and effective.*

The adopted scope aligns with the points above, with minor updates and additions incorporated to account for evolutions of NVR policy and implementation since the MER Plan was published in early 2019.

Section 5 of this report evaluates whether the no net loss objective has been achieved during the reporting period. The no net loss objective is achieved when permitted native vegetation removal is undertaken in accordance with the following three-step approach:

1. Avoid the removal, destruction or lopping ('removal') of native vegetation.
2. Minimise impacts from the removal of native vegetation that cannot be avoided.
3. Provide an offset to compensate for the biodiversity impact from the removal of native vegetation.

Implementation of the three-step approach and achievement of the overarching no net loss objective is dependent on the following outcomes:

- **Outcome 1:** A functioning and effective regulatory framework i.e. the existing legislation, policies, systems and tools that form and support the NVR.
- **Outcome 2:** Adherence to the regulatory framework by all stakeholders, including DELWP, responsible authorities, applicants, consultants and the broader community.

In line with the scope directed by the MER Plan, this report focusses on addressing the following key questions relating to the above noted outcomes:

- **Outcome 1:**
 - Section 3.1 – Are DELWP's systems and tools that support the NVR functioning correctly, helpful and effective?
 - Section 3.2 – Are the proposed improvement actions outlined in the *Outcomes Report* (DELWP 2016) being implemented?
 - Section 3.3 – What other initiatives has DELWP implemented to support the NVR during the reporting period?
- **Outcome 2:**
 - Section 4.1 – What regulated activity has occurred during the reporting period? Have offsets been secured for all permitted removals?
 - Section 4.2 – Are offset sites being appropriately managed?

A range of additional questions and indicators could be adopted to evaluate fulfillment of the key outcomes and overarching no net loss objective. In line with the adaptive framework provided by the MER Plan, Section 5 outlines key improvements to the ongoing evaluation process, including a revised set of evaluation indicators for future reporting.

The following section provides an overview of permitted native vegetation removal in Victoria and the offsetting process under the NVR.

2 Permitted native vegetation removal

The Victorian planning system has a variety of policies and provisions for the management and protection of native vegetation. Under the regulatory framework, all proposals to remove native vegetation require approval from a responsible authority unless a specific exemption applies.

The permitted removal of native vegetation can occur under various approval pathways, including the:

- *Planning and Environment Act 1987*:
 - Planning permits and exemptions requiring written agreement (Conservation Works, Crown Land, Fire Protection for Road Managers, Railways, Road Safety and Utility Installations) under Clause 52.16 or 52.17 of the VPP.
 - Native Vegetation Precinct Plans (NVPPs) under Clause 52.16 of the VPP.
 - Planning Scheme Amendments.
 - Secretarial and Ministerial approvals under specific clauses of the VPP (e.g. Cl.52.30, 52.03, 52.32).
- *Pipelines Act 2005* – Licenses.
- *Mineral Resources (Sustainable Development) Act 1990* – Work Plans.

Excepting certain reportable exemptions (e.g. Fire Protection for Road Managers), the majority of these processes direct proponents to offset residual impacts on native vegetation. Depending on the assessment pathway and the location, type, extent and condition of the native vegetation proposed for removal, an application can trigger one or both of the following offset types:

- Species Offset – Required when the removal of native vegetation has a significant impact on habitat for rare or threatened species. Species offsets must compensate for the removal of that particular species' habitat.
- General Offset – Required when the removal of native vegetation does not have a significant impact on any habitat for rare or threatened species.

In addition, one Large Tree, as defined by the Guidelines (DELWP 2017a), must be protected in an offset site for every Large Tree removed.

Offset obligations may be met through one of the following processes:

- Third party offset arrangement – The proponent pays a third party offset site owner to secure and manage the offset on their behalf. Third party offsets are traded as native vegetation credits. Once proponents provide DELWP with evidence of payment, a credit allocation is made to a specific permit and a credit extract is generated. The proponent provides the credit extract to the responsible authority as evidence of offset securement.
- First party offset arrangement – The proponent establishes an offset site on the same property as the proposed removal of native vegetation, or on another property owned or managed (in the case of Crown Land) by the proponent. An executed first party offset agreement is provided to the responsible authority as evidence of offset securement.

Unless directed otherwise under the above listed approval processes, proponents must provide evidence of a secured offset to the responsible authority prior to the removal of native vegetation.

A detailed account of the offsetting process is provided in Section 4.2. Further information regarding the regulation of permitted native vegetation removal is available on the DELWP website.

3 Outcome 1 evaluation – Policy

This section evaluates achievement of the following outcome —

A functioning and effective regulatory framework i.e. the existing legislation, policies, systems and tools that form and support the NVR

The three-step approach described in Section 2 is the key policy to achieving the no net loss objective. A functioning regulatory framework is critical to ensuring the appropriate implementation of the three-step approach.

3.1 Effectiveness of DELWP's systems and tools

This section addresses the following key question relating to the effectiveness and functionality of the regulatory framework —

Are DELWP's systems and tools that support the NVR functioning correctly, helpful and effective?

An online survey was developed and distributed to stakeholders on 4 May 2021. The survey was open for a period of two weeks and was distributed to 1,727 contacts, including stakeholders on the Native Vegetation Newsletter distribution list and past users of the EnSym and Native Vegetation Support email accounts. Accounting for expected email delivery errors due to role changes etc, the survey was delivered to 1,427 email accounts with a request for its further circulation.

The survey focussed on evaluating the effectiveness and functionality of the following systems and tools that support the NVR:

- Native Vegetation Information Management system (NVIM) Map
- NVIM Removal Tool
- NVIM Offset Tool
- EnSym Tool - Public version for scenario testing
- EnSym Tool - Process of submitting data and receiving removal or offset reports from DELWP
- Native Vegetation Credit Register Search (NVCR) Tool
- NVCR Traded Credits Information Spreadsheet
- Native vegetation gain calculator
- The NVR Website and online guidance documents e.g. the *Assessors Handbook*, *Applicants Guide*, *Exemptions Guideline* etc.
- Support emails, including:
 - Nativevegetation.support@delwp.vic.gov.au
 - Nativevegetation.offsetpayments@delwp.vic.gov.au
 - Nativevegetation.offsetregister@delwp.vic.gov.au
 - Nativevegetation.offsetmanagement@delwp.vic.gov.au
 - Habitat.hectares@delwp.vic.gov.au

The survey posed the following questions:

1. Which stakeholder category best describes you as a user of the systems and tools relating to the Native Vegetation Regulations?

Respondents were asked to select from the following categories – ‘Applicant/proponent’, ‘Ecological consultant’, ‘Planning consultant’, ‘Local council employee’, ‘DELWP employee’, ‘Other Government employee’, ‘Offset site owner/manager’, ‘Environmental non-government organisation’ or ‘Member of the general public’.

2. How often do you use the following systems and tools relating to the Native Vegetation Regulations?

Respondents were asked to assign one of the following categories to each system and tool – ‘Daily’, ‘Weekly’, ‘Monthly’, ‘Yearly’ or ‘Never’.

3. How do you rate the effectiveness and functionality of the following systems and tools relating to the Native Vegetation Regulations i.e. how do you rate the system or tool in producing your desired result or output?

Respondents were asked to assign one of the following categories to each system and tool – ‘Very poor’, ‘Poor’, ‘Ok’, ‘Good’, ‘Very good’ or ‘Never used’.

4. How could we improve our systems and tools to better meet your needs?

Respondents were asked to identify existing issues and suggested improvements.

The survey was completed by 214 respondents, with a range of stakeholder groups represented. The survey outcomes are presented in Figures 1-4 and analysed in the following section.

Figure 1 Survey respondents – Stakeholder category (Question 1)

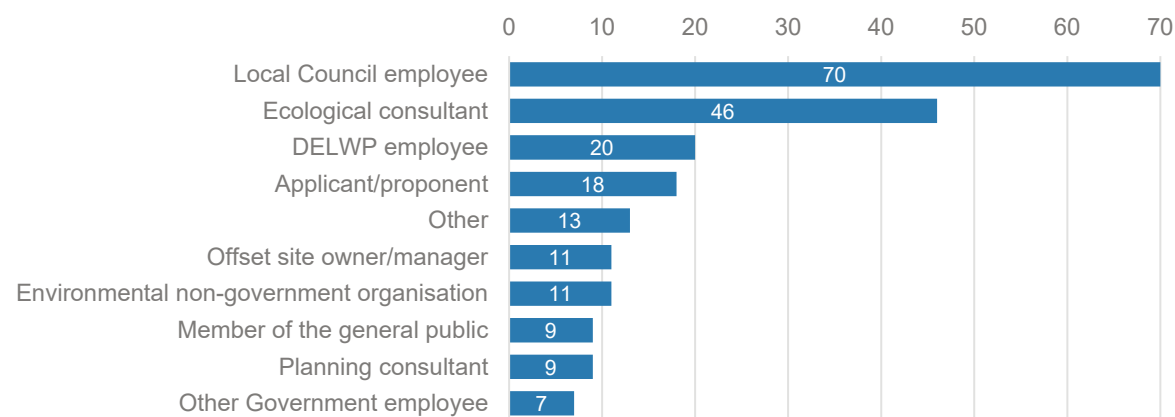


Figure 2 Utilisation of systems and tools (Question 2)

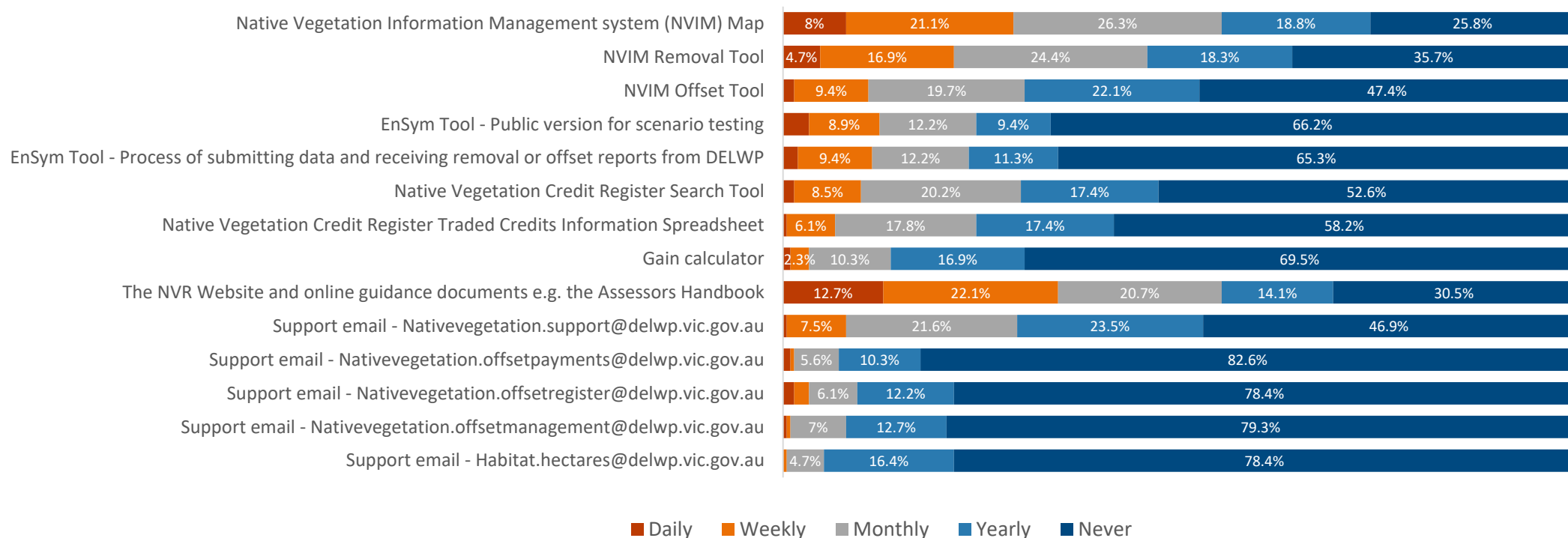


Figure 3 Effectiveness of systems and tools (Question 3)

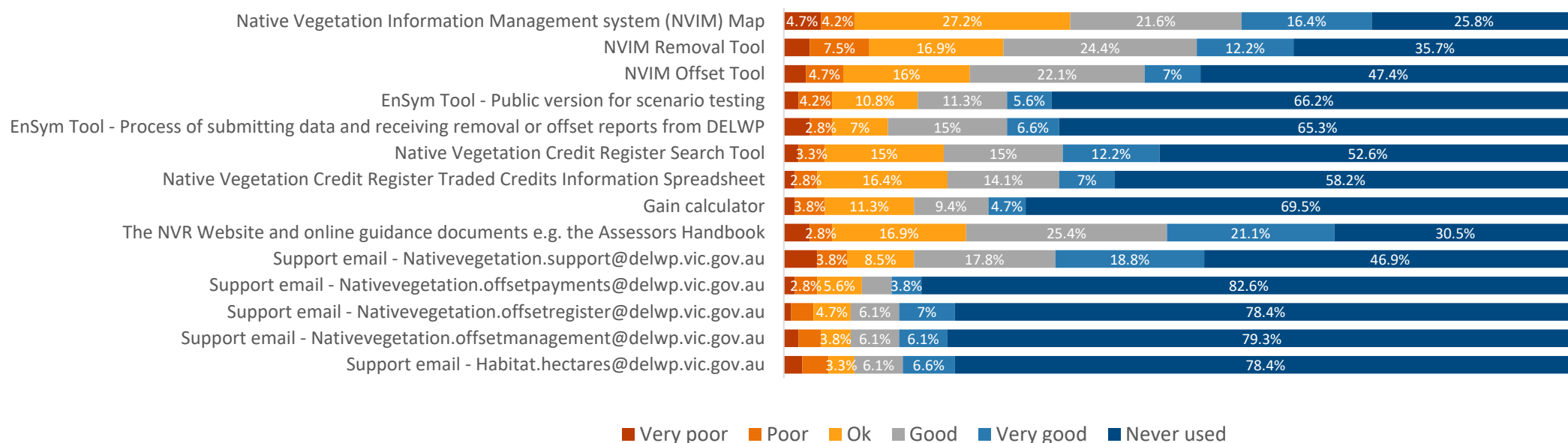


Figure 4 Effectiveness of systems and tools according to high frequency users (Daily and Weekly) (Question 3)

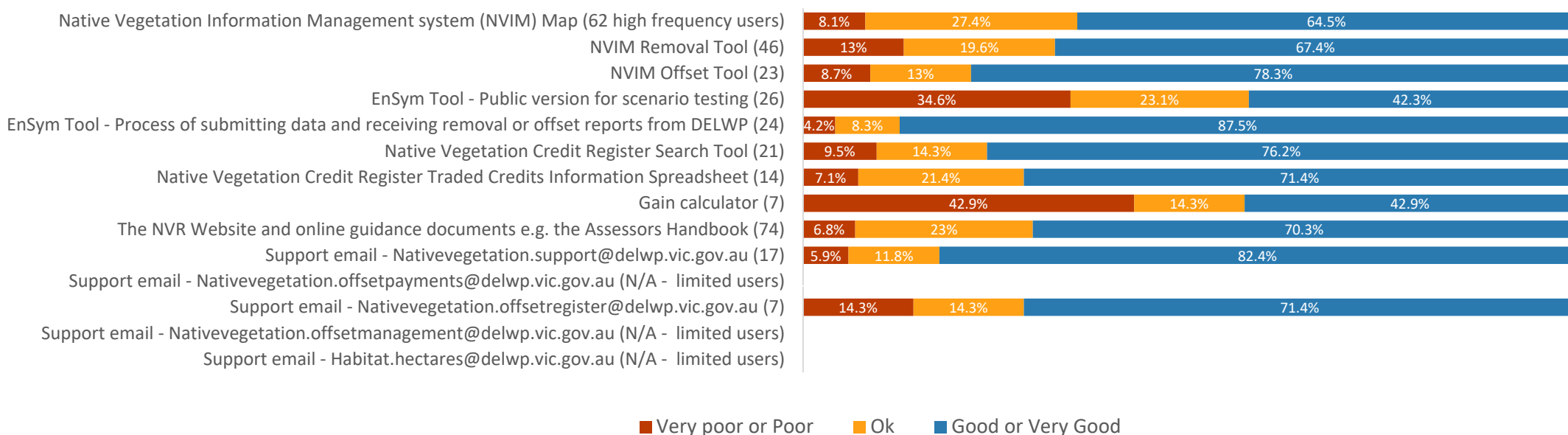


Figure 1 identifies that a range of stakeholders responded to the survey. Key users of the NVR formed the majority of respondents, with local council employees, ecological consultants, DELWP employees and applicants/proponents accounting for 72% of the respondents.

Reported utilisation rates of the various tools are shown in Figure 2. The most utilised tools include the NVIM Map, NVIM Removal Tool and the NVR website and associated guidance material. For each tool, a relatively high proportion of respondents selected 'Never used'. This outcome is expected for the majority of tools given they serve a specific purpose and are not relevant to all stakeholders associated with the NVR.

Figure 3 identifies the rated functionality and effectiveness of each tool based on all responses received. Figure 4 provides a filtered view of these ratings, based only on the responses received from high frequency users of the subject tool – i.e. those stakeholders using it on a daily or weekly basis. Figures 3 and 4 indicate that the substantial majority of respondents consider the functionality and effectiveness of each tool to be either 'Ok', 'Good' or 'Very good'. With the exception of the public version of the EnSym Tool and Gain Calculator (and three support emails with limited high frequency users), the majority of high frequency users rated each tool as 'Very Good' (Figure 4).

Negative ratings (i.e. 'Poor' or 'Very poor') attributed to tools were, to some extent, clarified in the responses received to Question 4, with 157 respondents providing comment on how DELWP could improve the tools supporting the NVR. Of the 157 responses, 97 provided constructive feedback on the supporting tools. The comments varied in nature, with both very specific and broad issues and suggested improvements raised. The most frequently raised issues and suggestions included:

- NVIM, NVIM Removal Tool and NVIM Offset Tool – The need for higher quality and more recent aerial photography.
- The general complexity of the NVR and difficulty in working across multiple guidance documents.
- A lack of knowledge regarding the existence and use of the subject systems and tools.
- Delayed responses from support email accounts.

Other issues and suggested improvements raised by respondents included:

- The difficulty of working across multiple NVIM systems and the absence of useful datasets, including those previously provided in the decommissioned Biodiversity Interactive Map (BIM).
- Suggested improvements to the NVIM Removal and Offset Tools, including the addition of an address auto-fill function and updates facilitating the ability to:
 - Record the diameter at breast height (DBH) of Large Trees and Scattered Trees in centimetres.
 - Specify a Large Tree benchmark.
 - Upload point data.
 - Manually input a gain score in the NVIM Offset Tool, rather than having to adopt an automatically generated score.
- The need for more workshops, online refresher courses etc for stakeholders.
- Issues with operating the EnSym Tool, including difficulties experienced in preparing shapefiles and the need for a publicly available data quality assurance tool.
- Suggested development of a more interactive traded credit information system, including a function to filter by Local Government Area rather than just Catchment Management Authority.
- Completion of more regular updates to the maps and models supporting the NVR e.g. the Habitat Importance Maps (HIMs).
- Challenges in finding certain documents on the NVR website.
- The need to publish Native Vegetation Newsletters online and better communicate policy updates.

- A suggested update to the support contact emails listed on the NVIM website to ensure queries relating to NVIM and the NVR are directed to the native vegetation support account.
- Suggested updates to improve the general functionality of the gain calculator.
- The need for a fact sheet covering removals in areas covered by Bushfire Management Overlays (BMOs).
- A suggested reduction in the security settings on EnSym outputs to allow for easier incorporation into other documents.

A number of the submitted issues and suggested improvements were already known to DELWP and form the focus of current policy projects e.g. preparation of additional guidance material for native vegetation removals in the BMO, publishing Native Vegetation Newsletters online, updates to the maps and models supporting the NVR and updates to NVIM.

Reponses to Question 4 also highlighted many novel issues and suggested improvements that will be reviewed further and addressed through future policy updates where feasible.

3.2 Review of ongoing improvements

This section addresses the following key question relating to the effectiveness and functionality of the regulatory framework —

Are the proposed improvement actions outlined in the Outcomes Report (DELWP 2016) being implemented?

The *Outcomes Report, Review of the Native Vegetation Clearing Regulations* (DELWP 2016) was prepared by DELWP in November 2016 and presented the findings of a review and consultation process completed in 2015 and 2016 to inform development of the 2017 regulations. The report identified an ongoing program of 18 improvement actions aimed at increasing the transparency and overall function of the NVR.

Table 1 outlines the status of the 18 improvement actions identified in the Outcomes Report.

The discrete tasks associated with each of the 18 improvement actions have been completed. However, most actions have an ongoing component — e.g. periodic reviews and updates of prepared documents, implementation of recommendations outlined in reviews etc. The DELWP NVR team continues to progress this work and other key initiatives aimed at improving the functionality of the NVR (Section 3.3).

Table 1 Improvement action summary

Improvement Action	Status
Native vegetation clearing policy	
<p><u>Proposed improvement 2:</u> Consolidate comprehensive policy guidance for native vegetation removal.</p> <p><i>Implement by updating the Assessment handbook and guidance for applicants to support the implementation of the updated regulations. These documents will provide information to help applicants complete an application to remove native vegetation and help councils and DELWP staff assess permits to remove native vegetation submitted under Clauses 52.16 and 52.17.</i></p>	<p>Complete – The <i>Assessor's Handbook</i> (DELWP 2018a) and <i>Applicant's Guide</i> (DELWP 2018b) were updated in December 2017, with subsequent amendments made in 2018.</p>
<p><u>Proposed improvement 3:</u> Develop guidance to support strategic planning relating to native vegetation protection and management.</p> <p><i>Implement by developing guidance e.g. a planning practice note to support strategic planning for native vegetation, in partnership with local government. This will include information on when strategic planning might be undertaken, what tools can be used, the information that is available and the roles and responsibilities of all parties involved.</i></p>	<p>Complete – The <i>Planning for Biodiversity Guidance</i> document (DELWP 2017c) was published in December 2017.</p>
<p><u>Proposed improvement 4:</u> Improve monitoring to determine if the regulations are achieving their objective and make this information publicly available.</p> <p><i>Implement by developing a monitoring and reporting plan in partnership with local government, and in consultation with other relevant stakeholders. This plan will include roles and responsibilities and efficient approaches to gather and report on native vegetation clearing and offsetting.</i></p> <p><i>Initially the plan will improve monitoring and reporting on:</i></p> <ul style="list-style-type: none"> • <i>Permitted native vegetation clearing and offsets that are occurring (including linking clearing and offsets).</i> • <i>Levels of known non-compliance with the regulations, including with management of offset agreements.</i> • <i>Gains in native vegetation that is occurring at offset sites.</i> 	<p>Complete – The <i>MER Plan</i> was published in January 2019. Three Annual Reports have been published to date (Section 4.1.1).</p>
<p><u>Proposed improvement 10:</u> Provide clearer guidance on when to refuse an application to remove native vegetation.</p> <p><i>Implement by including details in the Assessment handbook on how to assess an application, including making decisions about impacts on biodiversity. The Assessment handbook will be available before gazettal and implementation of the changes to the VPP.</i></p>	<p>Complete – The <i>Assessor's Handbook</i> (DELWP 2018a) provides a step-by-step guide for responsible and referral authorities assessing permit applications to remove native vegetation. The document provides clear direction regarding application of the decision guidelines and the grounds for refusal.</p>

Improvement Action	Status
<p>Proposed improvement 13: <u>Increase the information available about the maps used in the regulations and improve their accessibility.</u></p> <p><i>Implement by publishing Native vegetation clearing - biodiversity information products that describes the method used to create the maps and how they are used in the regulations. This will also provide details on how to access the maps and how they may be updated in the future.</i></p>	<p>Complete – The <i>Biodiversity Information Explanatory Document</i> (DELWP 2017d) was published in December 2017.</p>
Offset delivery	
<p>Proposed improvement 16: <u>Increase the use and functionality of the Credit Register.</u></p> <p><i>Implement by clarifying the roles and responsibilities for participants, increasing the information recorded in the Credit Register and making this available to councils, offset purchasers, offset providers and government investment programs. This includes:</i></p> <ul style="list-style-type: none"> <i>The extracts and statements are functional and easy to understand and trackable.</i> <i>Increasing supply of offsets by registering potential sites before they are established so that offset providers do not incur the costs of setting up an offset site before they have a buyer.</i> <i>Linking offset and permit information for greater transparency.</i> <i>Recording first party offsets.</i> 	<p>Complete –</p> <ul style="list-style-type: none"> The NVCR Search Tool was developed in 2019 and allows users to register potential offset sites and check the availability of offsets in existing and proposed native vegetation offset sites listed on the NVCR. The NVR team has published a series of easy to understand information sheets outlining the roles and responsibilities of brokers, site assessors, credit owners, credit purchases and DELWP. Offset site owners are encouraged to record first party offset sites on the NVCR. The Guidelines and DELWP website specify that any first party offset site intended to service more than one approval must be recorded on the register.

Improvement Action	Status
<p>Proposed improvement 17: Support the development of the market for low availability offsets.</p> <p><i>Implement by working with conservation groups (including Trust for Nature) and other stakeholders to develop programs that identify potential offset providers, initially focused on offset types or locations with low availability.</i></p> <p><i>Improve external access to species information to support identification of potential specific offsets.</i></p> <p><i>Increase use of over the counter agreements.</i></p> <p><i>Undertake a native vegetation offset market review to identify opportunities to improve its operation. This will be done in conjunction with the Department of Treasury and Finance and the Department of Economic Development, Jobs, Transport and Resources and in consultation with relevant stakeholders.</i></p>	<p>Complete –</p> <ul style="list-style-type: none"> • Development of the NVCR Search Tool (described above) allows users to confirm and monitor the availability of offset types in short supply. • DELWP has developed and published a range of information products aimed at educating landowners on the process of establishing offset sites (Section 3.3). • In response to supply issues in the Hume region, DELWP worked with stakeholders to increase supply and educate landholders in establishing offset sites. • In response to this improvement action, DELWP completed a comprehensive review of the native vegetation offset market in 2020. The recommendations outlined in the resulting report continue to be implemented.
<p>Proposed improvement 18: Require that all third party offsets are registered on the Credit Register and meet its standards, including standards for securing the offset.</p> <p><i>Implement by requiring all third party offsets to be registered on the Credit Register, in order to track the trading and use of credits and so that the payment to the offset provider will be linked to the delivery of the offset management plan.</i></p>	<p>Complete – The Guidelines and supporting documents specify that all third party offset sites must be recorded on the NVCR.</p>
<p>Proposed improvement 19: Redesign the revegetation standards to ensure desirable revegetation can occur.</p> <p><i>Implement by revising the revegetation standards so they encourage desirable revegetation by:</i></p> <ul style="list-style-type: none"> • <i>Modifying gain scoring to encourage revegetation in sites with scattered trees so these become patches.</i> • <i>Encouraging revegetation in areas well connected to remnant vegetation.</i> 	<p>Complete –</p> <ul style="list-style-type: none"> • The <i>Native Vegetation Gain Scoring Manual – Version 2</i> (DELWP 2017e) outlines a revised set of minimum standards for revegetation and supplementary planting. • The Guidelines encourage the siting of revegetation plots adjacent to areas of existing native vegetation by accounting for adjoining vegetation when calculating the required extent and configurations of revegetation areas. • Under the 2017 regulations Scattered Trees can be protected as an offset site.

Improvement Action	Status
<p><u>Proposed improvement 20:</u> Create a framework for offsetting on Crown land.</p> <p>Implement by preparing a Crown land offsetting policy that includes:</p> <ul style="list-style-type: none"> • Eligibility criteria. • In-perpetuity security arrangements. • ‘Additionality’ measures that ensure the management actions are in addition to the statutory requirements for the management of the land. <p>Consideration will be given to potential impacts on the existing offset market and circumstances under which Crown land offsets may be purchased by third parties.</p>	<p>Complete –</p> <ul style="list-style-type: none"> • The <i>Native Vegetation Gain Scoring Manual Version 2</i> (DELWP 2017e) was published in December 2017. The manual outlines the eligibility criteria, security arrangements, minimum commitments and gain calculations for Crown Land offsets. • All Crown Land offsets can now be tracked on the NVCR.
Exemptions	
<p><u>Proposed improvement 21:</u> Formalise a set of exemption purposes and principles.</p> <p>Implement by preparing guidance that details the purposes and principles for exemptions.</p> <p>DELWP will work with relevant stakeholders to develop cost effective approaches to record and report significant new permanent clearing, so that its impact on biodiversity is known and can be counterbalanced through native vegetation investment and management at a statewide level. This will also include how the environmental impacts resulting from exemptions on public land are minimised and counterbalanced and the accountabilities for this reporting.</p>	<p>Complete – The <i>Exemptions Guidance</i> document was published in December 2017 (DELWP 2017f). Since this period, DELWP has published a range of fact sheets, guidance documents and procedures relating to specific exemptions.</p> <p>The <i>Procedure for the removal, destruction or lopping of native vegetation on Crown land</i> (DELWP 2018c) sets out the counterbalancing process applicable to native vegetation removal undertaken on Crown Land by DELWP and Parks Victoria.</p>
<p><u>Proposed improvement 23:</u> Provide guidance on the intent and application of exemptions.</p> <p>Implement by preparing guidance on exemptions that describes the intent of the exemptions and how they should be applied.</p>	<p>Complete. As above</p>

Improvement Action	Status
<p>Proposed improvement 24: <u>Adopt a consistent approach to agreements referenced in the exemptions.</u></p> <p>Implement by developing a consistent approach for all agreements including:</p> <ul style="list-style-type: none"> • Principles and content of the agreements. • Consistent definitions and terms. • A standard level of consultation. • Making these agreements publicly available. <p>Recording and reporting new permanent clearing and offsetting that occurs under agreements.</p>	<p>Complete – Since introduction of the 2017 regulations, DELWP has established and published procedures for the following exemptions requiring written agreement:</p> <ul style="list-style-type: none"> • Procedure to rely on the Road safety exemption in planning schemes (DELWP 2018d). • Procedure to rely on the railways exemption in planning schemes (DELWP 2018e). • Procedure to rely on the utility installations exemption in planning schemes - Electricity distributors (DELWP 2019b). • Procedure to rely on the utility installations exemption in planning schemes - Water service providers (DELWP 2020a). • Procedure for the removal, destruction or lopping of native vegetation on Crown land (DELWP 2018c). <p>The above noted procedures have been prepared in accordance with this improvement action, adopting consistent principles and terms.</p>
Compliance and enforcement	
<p>Proposed improvement 25: <u>Develop a compliance and enforcement strategy.</u></p> <p>Implement by preparing a risk-based compliance and enforcement strategy for councils to inform their compliance activities and including the development of compliance plans. The strategy will address education and behaviour change, enforcement tools, and identify roles and responsibilities. The strategy will provide guidance to allow compliance activities to be scaled depending on the resources of the regulator so that a focus is maintained on key compliance and enforcement risks.</p>	<p>Complete – The <i>Compliance and Enforcement Strategy</i> was published in December 2017 (DELWP 2017g). The strategy guides the development and implementation of risk-based programs that use a range of regulatory and non-regulatory tools to address key compliance issues or significant environmental impacts.</p>
<p>Proposed improvement 26: <u>Provide guidance and support materials for compliance and enforcement activities</u></p> <p>DELWP in collaboration with councils will identify and develop key guidance and support material to build required skills and capabilities to assist the delivery of compliance and enforcement programs. This includes how to focus efforts based on risk, select the best compliance approach, collect information to assist in monitoring and enforcement, and develop appropriate responses to illegal clearing.</p>	<p>Complete – The <i>Native Vegetation Regulations Compliance and Enforcement Toolkit – A Guide for Councils</i> was published in 2021 (DELWP 2021). The Toolkit provides a summary of the statutory obligations regarding native vegetation removal and aims to assist responsible authorities achieve outcomes consistent with the objectives of the <i>Planning and Environment Act 1987</i>.</p>

Improvement Action	Status
<p><u>Proposed improvement 27: Improve information gathering for compliance and enforcement.</u></p> <p><i>DELWP will work with councils to gather and report on the level and drivers of illegal clearing and non-compliance with permit conditions (including the requirement to provide offsets).</i></p>	<p>Complete – Addressed through publication of the <i>Compliance and Enforcement Strategy and Toolkit</i> (DELWP 2021).</p> <p>DELWP also facilitated establishment of the Native Vegetation Compliance Community of Practice (NVCCoP) in 2020. The NVCCoP provides a forum for Local Government officers and DELWP staff involved in native vegetation regulation, compliance and enforcement. The group aims to:</p> <ul style="list-style-type: none"> • Develop resources that can be shared amongst members of the group. • Capture existing knowledge and information regarding native vegetation regulation and compliance. • Support collaborative processes to solve compliance and enforcement cases.
<p><u>Proposed improvement 28: Promote co-regulatory support.</u></p> <p><i>DELWP to work with councils, the Commonwealth Government and other relevant agencies to develop a co-operative approach to address non-compliance with the regulations, with a focus on activities that have significant impacts on biodiversity.</i></p>	<p>Complete – Addressed through the actions described above.</p> <p>In addition, DELWP funded two, two-year positions in 2018/19 focussed on improving co-regulatory approaches to managing non-compliance with the NVR. These positions worked closely with councils and played a key role in developing the <i>Compliance and Enforcement Toolkit</i>.</p>
<p><u>Proposed improvement 29: Review the overarching compliance and enforcement framework.</u></p> <p><i>DELWP will seek opportunities through existing reviews to strengthen compliance and enforcement frameworks and provide information on the effectiveness of the existing framework to support any decision on a broader regulatory review.</i></p>	<p>Complete – The <i>Compliance and Enforcement Strategy</i> (DELWP 2017g) is reviewed annually. Updates to the both the strategy and toolkit documents will continue to be made as required.</p>

3.3 Other key initiatives

This section addresses the following key question relating to the effectiveness and functionality of the regulatory framework —

What other initiatives has DELWP implemented to support the NVR during the reporting period?

DELWP is responsible for administering the regulatory framework that manages and protects native vegetation in Victoria. As part of this role, the DELWP NVR team is responsible for the following key tasks:

- Continually reviewing and improving the functionality of the NVR through updates to the legislation, policies, systems and tools that form and support the regulations.
- Administering the native vegetation offset system, including the registration of new offset sites, allocation of credit extracts and tracking of offsets through credit statements.
- Undertaking quality assurance reviews of all offset sites established under Section 69 of the *Conservation, Forests and Lands Act 1987* (CFL Act) and third party offset sites established through covenants under the *Victorian Conservation Trust Act 1972*, prior to site establishment.
- Regulating offset agreements established under Section 69 of the CFL Act between landowners and the Secretary to DELWP, and processing payments to offset site owners.
- Maintaining systems and tools relating to the NVR, including those outlined in Section 3.1.
- Administering the various support emails, providing policy and project support to stakeholders responsible for implementing the NVR, including DELWP officers, councils, applicants, consultants, landowners/credit owners, brokers, site assessors and the broader community.
- Preparing annual reports (Section 4.1.1).
- Coordinating training, workshops and presentations that promote the awareness and consistent application of the NVR and Native Vegetation Offset Register (NVOR).
- Engaging with key stakeholders, including the Native Vegetation Advisory Group, to gather feedback on the functionality of the NVR and opportunities for ongoing improvement.
- Conducting Vegetation Quality Assessment (VQA) competency checks and maintaining a list of accredited site assessors (28 VQA competency checks completed during the reporting period, resulting in the confirmed competency in the VQA method of 290 site assessors).
- Assessing requests to access certain exemptions and policy dispensations – e.g. HIM exclusions, mapped wetland exclusions, alternative offsets, access to components of the utility installations exemption etc.
- Preparing Native Vegetation Removal Reports (NVRs) in EnSym for certain proposals, including those subject to the Detailed Assessment Pathway (4,294 EnSym NVRs issued during the reporting period).

In line with the MER Plan, DELWP seeks to continuously review and improve the functionality of the NVR. The above noted day-to-day responsibilities of the NVR team support an adaptive improvement process by allowing for the identification of key implementation issues from various sources (e.g. Advisory Group, common issues sent to support emails etc).

In addition to the improvements outlined in Table 1, DELWP has implemented a significant number of key initiatives over the three-year reporting period, including:

- Extensive updates to the policies and documents that previously formed and supported the 2013 regulations.

- Preparation of new guidance material, including but not limited to the following documents:
 - *Management Standards for Native Vegetation Offset Sites* (DELWP 2019c)
 - *First Party Offset Guide - How to Establish a First Party Offset Site* (DELWP 2018f)
 - *How to Meet Your Offset Requirement* (DELWP 2018g)
 - *A Quick Comparison of First Party and Third Party Offset Sites* (DELWP 2018h)
 - *Native Vegetation Credit Register - Pricing Native Vegetation Credits* (DELWP 2018i)
 - *Native Vegetation Credit Register (NVCR): Process to Establish a Native Vegetation Credit Site on Private Land* (DELWP 2018j)
 - *Preparing a Native Vegetation Precinct Plan* (DELWP 2017i)
 - *Conservation work exemption - Application guidance* (DELWP 2021b)
 - *Ensym Data Standards* (DELWP 2017h)
 - Various templates, including the:
 - *Section 173 Agreement Template*
 - *First Party General Offset Management Plan and Annual Report Template*
 - *Template for Small-scale Conservation Work Exemption Applications*
 - *Property Vegetation Plan Template - Native Forest Timber Harvesting* (DELWP 2017j)
- Preparation of various internal policy documents that guide the internal implementation and consistency of the wider policy, including but not limited to the *Rules of the Native Vegetation Credit Register* document.
- Completion of multiple updates to the systems and tools supporting the NVR – e.g. the Gain Calculator, NVIM and Ensym.
- Development of the NVIM Offset Tool, enabling landholders to complete their own site assessment when they want to create a first party general offset site.
- Establishment of the *Farming and Native Vegetation Portal* and publication of the following related guidance documents:
 - *Native Vegetation Removal in the Farming and Rural Activity Zones Information Sheet* (DELWP 2017k)
 - *Stubble burning - Protecting Paddock Trees* (DELWP 2021c)
- Development of the NVR Online Training package.
- Delivery of the following training sessions to key stakeholders:
 - Year 1 (1 July 2017 – 30 June 2018):
 - 27 training sessions focussed on the transition to the 2017 regulations, attended by responsible authorities, native vegetation assessors and key industry stakeholders.
 - Year 2 (1 July 2018 – 30 June 2019):
 - Two PLANET professional development sessions run through the Planning Institute of Australia (PIA).
 - 13 training sessions for responsible authorities.
 - 10 general update sessions for key stakeholders and community members.

- Year 3 (1 July 2019 – 30 June 2020)
 - One PLANET professional development session run through the PIA.
 - Four general update sessions for responsible authorities, key stakeholders and community members.
 - One update session specifically for consultants.
- Delivery of annual information and training sessions to offset service providers.
- Increased monitoring and provision of additional resources to review annual reports submitted under Section 69 agreements, increasing DELWP's ability to critically analyse landholder compliance, identify and adequately address compliance issues and guide offset owners towards better on-ground outcomes.
- Distribution of four Native Vegetation Newsletters, outlining policy adjustments and clarifications.
- Development of the NCVR online search tool, enabling credit owners and offset providers to review the credit market.
- Maintenance of the *Native Vegetation Credit Register Traded Credits Information Sheet*.
- Transition of all native vegetation credits to a redesigned Native Vegetation Offset Register (NVOM), enabling trading and allocations in all three currencies (i.e. different units associated with the 2002, 2013 and 2017 versions of the regulations) and ensuring extracts and statements are functional, easy to understand and trackable.
- Other actions to support the NVCR, including:
 - Recorded all traded credit details on the internet, including all trades through Trust for Nature and secondary trades.
 - Reviewed and prepared drafts of all credit trade documents.
 - Reviewed and updated service provider agreements.
- Updates to the NVOM system, providing improved processes for administering Section 69 agreements and specifically enabling:
 - Automated notification of upcoming annual reports and site inspections.
 - Improved storage, recovery and assessment of annual reports and site inspection data.
 - Improved reporting ability and increased transparency regarding the compliance status of each offset site.
 - Improved effectiveness and transparency of case management.
 - More effective prioritisation of site inspections.
 - Clearer identification of issues and opportunities to support landowners in improving biodiversity condition.

4 Outcome 2 evaluation – Implementation

This section evaluates achievement of the following outcome —

Adherence to the regulatory framework by all stakeholders, including DELWP, responsible authorities, applicants, consultants and the broader community

The three-step approach described in Section 1.2 (avoid, minimise and offset) is the key policy to achieving the no net loss objective. The objective is only achieved if the three-step approach and broader regulatory framework is appropriately implemented by all stakeholders, including DELWP, responsible authorities (e.g. councils), applicants, consultants and the broader community.

4.1 Summary of regulated activity

This section addresses the following key questions relating to implementation of the NVR —

What regulated activity has occurred during the reporting period? Have offsets been secured for all permitted removals?

4.1.1 Regulated activity – Annual reports

The following annual reports cover the three-year reporting period (1 July 2017 – 30 June 2020) and are published on the DELWP website:

- *Annual Report 2017 – 2018* (1 July 2017 – 30 June 2018), published October 2018 (DELWP 2018k).
- *Annual Report 2018 – 2019* (1 July 2018 – 30 June 2019), published December 2019 (DELWP 2019d).
- *Annual Report 2019 – 2020* (1 July 2019 – 30 June 2020), published December 2020 (DELWP 2020b).

The reporting timeframe includes a period of approximately five months (1 July – 11 December 2017) when the 2013 regulations remained in force. Additionally, due to transitional arrangements and legacy approvals, a small proportion of the reported activity was undertaken under previous policies including the *Native Vegetation Framework* (DNRE 2002) and 2013 regulations. While annual reporting is required to account for this activity, given the earlier policies were underpinned by different objectives and approaches, it is considered appropriate to focus evaluation of the no net loss objective on operations completed under the contemporary policy established in 2017.

The MER Plan outlines the following scope for annual reports:

- *Number of permits and other approvals to remove native vegetation, and the corresponding extent of native vegetation removed.*
- *Extent of native vegetation removed under an exemption requiring compliance with a procedure.*
- *New native vegetation credit sites established and the extent of native vegetation protected by these.*
- *Number of credit allocations to offset native vegetation removal.*

Table 2 summarises the adopted scope and key findings of the three annual reports. This comparison highlights the evolving scope of annual reporting, which has adaptively improved with each reporting cycle. Significant constraints in the data collection and broader MER process are also highlighted, as discussed further in Section 4.1.2.

Table 2 Summary of annual reporting – 2017/18, 2018/19, 2019/20

Annual report	Permitted removal	Reported exempt removal	Offset sites established	Credit allocations	Other information
<p><u>Annual Report 2017 – 2018</u> (1 July 2017 – 30 June 2018)</p>	<p>Reporting on permitted removals was based on the analysis of datasets submitted to DELWP by applicants and consultants seeking final NVRs generated using EnSym.</p> <p><u>Results summary:</u></p> <ul style="list-style-type: none"> • DELWP generated 1,278 NVRs using EnSym. Of these, 413 were considered duplicates relating to the same project (e.g. alternative layout investigations), leaving 865 usable reports/proposals. • The extent of native vegetation removal associated with the 865 proposals ranged between 0.001ha and 493ha, with an average of 4ha: <ul style="list-style-type: none"> ○ <0.5ha - 44% of proposals ○ 0.5 - 1ha – 15% ○ 1 - 10ha – 33% ○ 10 - 50ha – 6% ○ 50 – 100ha – 1% ○ >100ha – 1% 	<ul style="list-style-type: none"> • Conservation work exemption – 3 proposals received written agreement to rely on the exemption. 	<ul style="list-style-type: none"> • 21 new offset sites registered in the NVCR, protecting 900ha of native vegetation. 	<ul style="list-style-type: none"> • \$9.2m of native vegetation credits traded from 107 offset sites owned by 44 landowners. • 653 allocations made to specific approvals, including: <ul style="list-style-type: none"> ○ 4% allocated under the Native Vegetation Framework: <ul style="list-style-type: none"> - 3.81 habitat hectares - 111 Very Large Old Trees - 983 Large Old Trees - 97 recruits ○ 90% allocated under the 2013 regulations: <ul style="list-style-type: none"> - 48.058 General Units - 25.469 Species Units ○ 6% allocated under the 2017 regulations: <ul style="list-style-type: none"> - 2.534 General Units - 3.810 Species Units - 137 Large Trees 	<ul style="list-style-type: none"> • 57 offset site monitoring visits completed. • 13 VQA training sessions held, with the competency of 139 assessors confirmed. • Email support: <ul style="list-style-type: none"> ○ 630 emails submitted to the Native Vegetation Support email. ○ 4 emails submitted to the Native Vegetation and Farming support email.

Annual report	Permitted removal	Reported exempt removal	Offset sites established	Credit allocations	Other information
<p><u>Annual Report 2018 – 2019</u></p> <p>(1 July 2018 – 30 June 2019)</p>	<p>Reporting on permitted removals was based on the following process:</p> <ul style="list-style-type: none"> ○ Permit applications for native vegetation removal were collated from the following sources: <ul style="list-style-type: none"> - Data logs submitted by Responsible Authorities. - The DELWP Statutory Planning Case Management System (SPCMS) – a database used to record permit applications referred to DELWP. ○ To determine if the applications stored on SPCMS were ultimately approved, the approval reference number was cross-referenced with permit records on the Planning Permit Activity Reporting System (PPARS) and allocated credit extracts on the NVCR. <p><u>Results summary:</u></p> <ul style="list-style-type: none"> ● Usable data: <ul style="list-style-type: none"> ○ 97 of the referred permit applications in SPCMS were matched to records in PPARS or allocated credit extracts. ○ Submitted data logs identified 313 permit applications to remove native vegetation that referenced a NVRr identifier. No data was received from 32 councils (41% of councils) and 13% of submitted data log records were not able to be linked to a NVRr (extent only provided). ○ Of the total 410 records, 368 were related to the 2017 regulations, with the remaining 42 subject to the 2013 regulations. ● Findings: <ul style="list-style-type: none"> ○ The 368 permits issued under the 2017 guidelines approved the removal of 116.668ha of native vegetation, including 747 large trees. The associated offset obligations totalled: <ul style="list-style-type: none"> - 44.921 General Units - 15.637 Species Units <p>Of the 368 permits, 88% were issued for the removal of <0.5ha and the majority were in the Basic (34%) or Intermediate (51%) Assessment Pathway.</p> 	<ul style="list-style-type: none"> ● <u>Road Safety Exemption:</u> <ul style="list-style-type: none"> ○ 42 removals, totalling 11.361ha. ○ Total offset obligations: <ul style="list-style-type: none"> - 5.166 General Units - 41 Large Trees ○ Evidence of secured offsets provided for 35 of the 42 completed removals. ● <u>Railways Exemption:</u> <ul style="list-style-type: none"> ○ 1 removal, totalling 0.006ha ○ Total offset obligations: <ul style="list-style-type: none"> - 0.002 General Units ● <u>Utility Installations Exemption:</u> <ul style="list-style-type: none"> ○ 1 removal, totalling 0.763ha ○ Total offset obligations: <ul style="list-style-type: none"> - 0.003 General Units ○ Evidence of secured offsets provided. 	<ul style="list-style-type: none"> ● 20 new offset sites registered in the NVCR, protecting 1,180ha of native vegetation. Of the 20 new offsets: <ul style="list-style-type: none"> ○ 14 were protected under a Section 69 Agreement. ○ 3 were protected under a Trust for Nature covenant. ○ 2 were transferred to Crown Land for conservation purposes. ○ 1 was a Crown Land offset site. 	<ul style="list-style-type: none"> ● Approximately \$20m of native vegetation credits traded. ● 759 allocations made to 687 specific approvals, including: <ul style="list-style-type: none"> ○ 34 (5%) allocated under the Native Vegetation Framework: <ul style="list-style-type: none"> - 11.793 General Units (converted) - 266 Large Trees (converted) - 1,967 recruits ○ 292 (38%) allocated under the 2013 regulations: <ul style="list-style-type: none"> - 103.694 General Units (converted) - 35.564 Specific Biodiversity Equivalence Units ○ 433 (57%) allocated under the 2017 regulations: <ul style="list-style-type: none"> - 44.467 General Units - 8.945 Species Units - 962 Large Trees 	<ul style="list-style-type: none"> ● 35 offset site monitoring visits completed. ● 8 VQA training sessions held, with the competency of 81 assessors confirmed. ● Email support: <ul style="list-style-type: none"> ○ Responded to 783 emails regarding the regulations. ○ Responded to 550 email queries relating to offsets and credit trading.

Annual report	Permitted removal	Reported exempt removal	Offset sites established	Credit allocations	Other information
<p><u>Annual Report 2019 – 2020</u> (1 July 2019 – 30 June 2020)</p>	<p>Reporting on permitted removals was based on the analysis of permit applications for native vegetation removal sourced from data logs submitted by Responsible Authorities.</p> <p><u>Results summary:</u></p> <ul style="list-style-type: none"> Usable data: <ul style="list-style-type: none"> Submitted data logs identified 294 records of permit applications to remove native vegetation that could be linked to a NVRP. No data was received from 39 councils (49% of councils). Of the total 294 records, 283 were related to the 2017 regulations, with the remaining 11 subject to the 2013 regulations. Findings: <ul style="list-style-type: none"> The 283 permits issued under the 2017 guidelines approved the removal of 85.886ha of native vegetation, including 492 large trees. The associated offset obligations total: <ul style="list-style-type: none"> 27.933 General Units 22.31 Species Units <p>Of the 283 permits, 87% were issued for the removal of <0.5ha and the majority were in the Basic (34%) or Intermediate (47%) Assessment Pathway.</p>	<ul style="list-style-type: none"> <u>Road Safety Exemption:</u> <ul style="list-style-type: none"> 97 removals, totalling 31.895ha. Total offset obligations: <ul style="list-style-type: none"> 14.335 General Units 175 Large Trees Evidence of secured offsets provided for 87 of the 97 completed removals. <u>Railways Exemption:</u> <ul style="list-style-type: none"> 6 removals, totalling 1.206ha Total offset obligations: <ul style="list-style-type: none"> 1.039 General Units Evidence of secured offsets provided. <u>Conservation Work Exemption:</u> <ul style="list-style-type: none"> Written agreement provided for six proposals. <u>Crown Land Exemption:</u> <ul style="list-style-type: none"> Total combined removal (DELWP and PV): <ul style="list-style-type: none"> 752ha (535 habitat hectares) Total combined counterbalancing: <ul style="list-style-type: none"> 1,008,206ha (5,006 habitat hectares) 	<ul style="list-style-type: none"> 26 new offset sites registered in the NVCR, protecting 1,250ha of native vegetation including 14,731 Large Trees. Of the 26 new offsets: <ul style="list-style-type: none"> 21 were protected under a Section 69 Agreement. 3 were protected under a Trust for Nature covenant. 2 were Crown Land offset sites. 	<ul style="list-style-type: none"> Approximately \$28.4m of native vegetation credits traded. 754 allocations made to 686 specific approvals, including: <ul style="list-style-type: none"> 28 (4%) allocated under the Native Vegetation Framework: <ul style="list-style-type: none"> 27.616 General Units (converted) 205 Large Trees (converted) 755 recruits 127 (17%) allocated under the 2013 regulations: <ul style="list-style-type: none"> 30.814 General Units (converted) 186.011 Specific Biodiversity Equivalence Units 599 (79%) allocated under the 2017 regulations: <ul style="list-style-type: none"> 96.227 General Units 40.738 Species Units 1,987 Large Trees 	<ul style="list-style-type: none"> 68 offset site monitoring visits completed. 7 VQA training sessions held, with the competency of 70 assessors confirmed. Email support: <ul style="list-style-type: none"> Responded to 614 emails regarding the regulations. Responded to 2009 email queries relating to offsets and credit trading.

The evolving nature of annual reporting, coupled with the inherent limitations of the data collection process, present constraints to forming a comprehensive account of permitted removals and offsetting activity during the three-year reporting period. Acknowledging these limitations, the following section provides a consolidated summary of the reported activity relevant to the scope of annual reporting outlined in the MER Plan:

- *Number of permits and other approvals to remove native vegetation, and the corresponding extent of native vegetation removed.*

During Years 2 (1 July 2018 – 30 June 2019) and 3 (1 July 2019 – 30 June 2020) at least 651 permits to remove native vegetation were issued under the 2017 regulations. The permits allowed for the total removal of 202,554 hectares of native vegetation, including 1,239 Large Trees. The 651 granted permits directed offset obligations totalling:

- 72,854 General Units
- 37,947 Species Units

Note: Year 1 (1 July 2017 – 30 June 2018) data has been excluded from the above summary as the analysis of permitted removals in the first annual report was based solely on EnSym data submissions, limiting its incorporation.

- *Extent of native vegetation removed under an exemption requiring compliance with a procedure.*

As a minimum, the following exemptions requiring compliance with a procedure were granted during the three-year reporting period:

- Conservation Work – 9 removals
- Road Safety – 139 removals, totalling 43,256 hectares (19,501 General Units, 216 Large Trees)
- Railways – 7 removals, totalling 1,212 hectares (1,041 General Units)
- Utility Installations – 1 removal, totalling 0,763 hectares (0,003 General Units)
- Crown Land (DELWP and Parks Victoria) – Total combined removal of 752 hectares (535 habitat hectares), counterbalanced by land management activities undertaken across 1,008,206 hectares (5,006 habitat hectares).

- *New native vegetation credit sites established and the extent of native vegetation protected by these.*

During the three-year reporting period 67 new offset sites were established, protecting 3,330 hectares of native vegetation.

- *Number of credit allocations to offset native vegetation removal.*

During the three-year reporting period 2,166 credit allocations were made, including 1,071 allocations under the 2017 regulations.

4.1.2 Reconciling removals and offsets

The MER Plan outlines the scope of this Three-yearly Plan (Section 1.2) and directs the linking of approvals with allocated credit extracts to determine if associated native vegetation losses have been offset.

As outlined in Section 2, there are various approval pathways that allow for the permitted removal of native vegetation. The linking of specific approvals with allocated credit extracts is one approach to reconciling removals and offsets; however, this process is inherently constrained. For example, Page 11 of the third Annual Report (2019/20) provides an analysis of all recorded granted permits during Years 2 (2018/19) and 3 (2019/20), identifying that only 55% could be matched to an allocated credit extract. This figure does not indicate that offsets were only secured for 55% of the granted permits. Rather, it's indicative of the significant limitations associated with reconciling removals with offsets, including the following key issues:

- In most cases, offsets are required to be secured prior to the removal of native vegetation – not at the time a permit is granted. As such, there are several potential scenarios covering permitted removals that are unable to be matched to an allocated credit extract:
 - Non-compliance i.e. the native vegetation has been removed with no offset secured.
 - The removal of native vegetation is no longer proposed – i.e. the proposed development has been abandoned.
 - The permitted removal of native vegetation will occur in the future, prior to the permit expiring.
- First party offset sites established with a Section 173 Agreement under the *Planning and Environment Act 1987* or conservation covenant under the *Victorian Conservation Trust Act 1972* are not required to source a credit extract or be recorded on the NVOR and DELWP does not hold complete records of these sites. As such, it is not currently possible to confirm how many permitted removals not matched to a credit extract have been offset through a Section 173 Agreement or first party conservation covenant.

These constraints are in addition to those associated with the data collection process, noting that Annual Reports 2 (2018/19) and 3 (2019/20) identify that 41% and 49% of councils did not return data logs, respectively.

Further work is in progress to improve data collection processes and address the above noted limitations where possible. However, due to the nature of the regulatory process, the ability to confirm that all permitted removals in a given year have been offset will remain challenging.

In light of the constraints identified through implementation of the MER Plan over the three-year reporting period, Section 5 identifies improvements to the MER framework, including a revised set of indicators for ongoing evaluation of the no net loss objective.

4.2 Offset site management

This section addresses the following key question relating to implementation of the NVR —

Are offset sites being appropriately managed?

4.2.1 Offset site establishment

Offset sites are established by the proponent undertaking the clearing of native vegetation (first party offsets), or by third parties (third party offsets) (Section 2). Gain in native vegetation quality and/or quantity is achieved through increased management and/or protection of the native vegetation. If a third party offset is being used, the proponent purchases native vegetation credits associated with the gain in native vegetation quality/quantity from the owner of the offset site. When purchasing native vegetation credits, the purchase fees are transferred into a DELWP or Trust for Nature trust account, and released to the landowner over a ten-year period (subject to the landowner undertaking required actions; Section 4.2.4).

The obligations of an offset site owner are outlined in an on-title agreement, requiring the landowner to undertake specific actions over a ten-year period to maintain and improve the condition of the native vegetation. After the ten-year period, the landowner is required to continue to undertake management actions to maintain the condition of the native vegetation in perpetuity. Key obligations associated with an offset site typically include, but are not limited to:

- Retain all standing trees, logs and leaf litter.
- Exclude stock (unless required to control biomass in grassland ecosystems).
- Eliminate woody weeds.
- Ensure that weed cover does not increase beyond the current level.
- Monitor and eliminate new and emerging high threat weeds.
- Control rabbits.
- Control all high threats, such as overabundant macropods and deer.

Landowners may also elect to undertake revegetation or supplementary planting. The obligations of the landowner are regulated through an on-title agreement with one of the following agencies:

- DELWP under Section 69 of the CFL Act or a Memorandum of Understanding between Crown land managers and the Secretary to DELWP.
- Council under Section 173 of the *Planning and Environment Act 1987*.
- Trust for Nature under the *Conservation Trust Act 1972*.

As of April 2021, a total of 386 offset sites have been established and registered on the NVOR².

4.2.2 Managing compliance

To ensure owners of offset sites undertake the required actions to maintain and improve native vegetation quality/quantity, the regulator of the offset site (DELWP, council or Trust for Nature):

- Undertakes a quality assurance review of the management plan and calculations for anticipated gain in native vegetation condition prior to approving the site (Section 4.2.3).
- Requires landowners to submit a report annually (annual reports) for the first ten years of the offset agreement which is evaluated by the relevant authority, and upon reasonable request thereafter³, outlining if and how they have met their obligations (Section 4.2.4).
- Undertakes on-ground monitoring (Section 4.2.5).

Figure 5 identifies when each of the above noted processes are undertaken for offset sites established under Section 69 of the CFL Act.

4.2.3 Quality assurance review

Prior to establishment of an offset site, the management plan and native vegetation gain calculations undergo a rigorous review and approval process, to ensure:

- Actions are achievable and appropriate (e.g. is ecological burning appropriate?).
- Management targets are feasible (e.g. is it realistic to expect the landowner to eliminate high threat weeds, or are high threat weeds so abundant this is unlikely to be achievable?).
- Current and future land uses are compatible with conservation (e.g. the site is not also to be used for recreation).
- Existing threats have been adequately identified and the management plan contains appropriate actions.
- Required standards have been met.
- Minimum site condition criteria have been met.
- There are no conflicts between management objectives (e.g. does native vegetation need to be removed to mitigate bushfire risk?).

² This excludes sites not registered on the NVOR, such as some first party offset sites established under the *Planning and Environment Act 1987* and *Conservation Trust Act 1972* (first party offset sites under the *Planning and Environment Act 1987* and *Conservation Trust Act 1972* are not required to be registered on the NVOR).

³ For landowner agreements beyond their tenth year of management, DELWP has developed a schedule to request a report from the landowner in Years 13, 17, 25, and every 10 years thereafter.

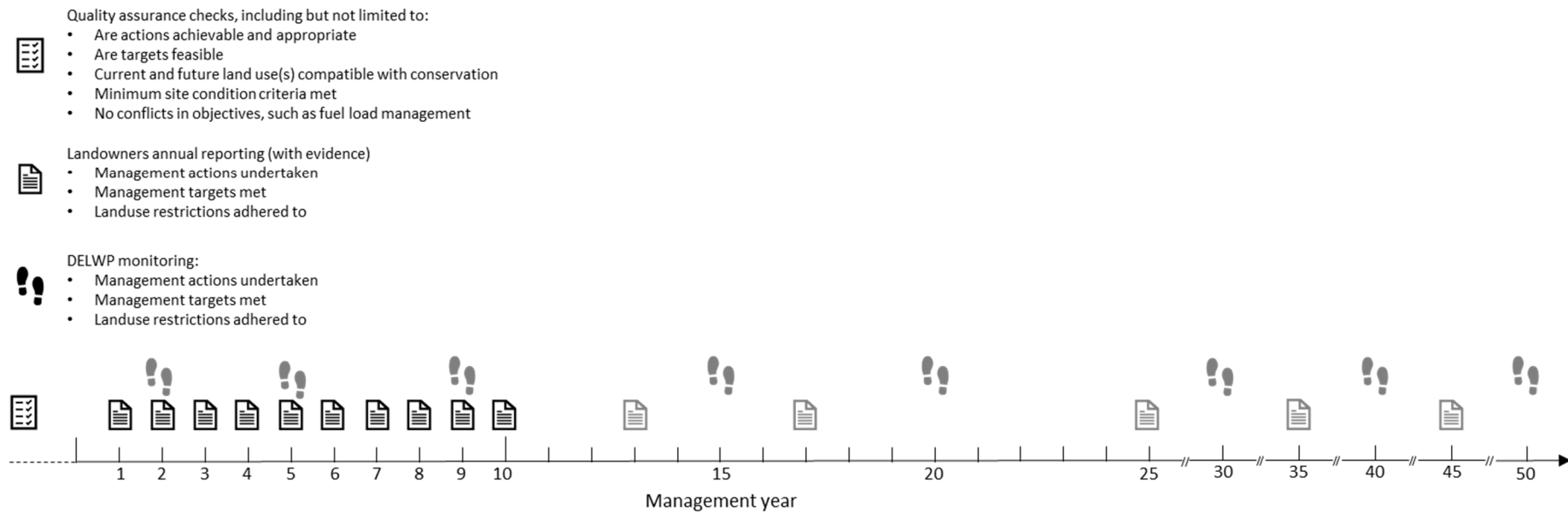


Figure 5 Compliance mechanisms for offset sites established under Section 69 of the CFL Act. Black items are mandatory processes for all offset sites. Grey items are additional mechanisms which may be undertaken/requested by the regulatory authority, as reasonable; DELWP's schedule for monitoring, and reporting beyond Year 10, is outlined in the above timeline.

4.2.4 Annual reporting

Annual reports submitted by the landowner must outline the actions they have undertaken (e.g. spot spraying African Boxthorn), their progress towards targets (e.g. elimination of African Boxthorn) and supporting evidence (e.g. before/after photos, invoices, receipts). DELWP review all annual reports and make an assessment on whether the landowner has:

- Undertaken the required actions.
- Met management targets.

Based on a review over a 12-month period, DELWP received 92% of the annual reports due between 1 January 2020 – 1 January 2021⁴. DELWP is continuing to work with landholders regarding overdue annual reports.

If insufficient evidence is provided in an annual report to demonstrate the required actions have been undertaken, or the required targets/obligations have been fulfilled, DELWP requests further action to be undertaken before deeming the landowner as compliant. Key potential issues identified during the annual reporting process for sites secured under the CFL Act include (Figure 6):

- Herbaceous and grassy weed control
- Woody weed control
- Pest animal control
- Fence maintenance

To ensure gain in native vegetation quality/quantity is achieved, if a landowner has not been deemed compliant, or an annual report has not been provided, DELWP/Trust for Nature:

- Provides guidance and works with the landowner to develop a plan to achieve compliance - usually within three months.
- Withholds any payments due to the landowner (monies from credit sales are held in trust by DELWP or Trust for Nature) until further action is undertaken.
- Freezes trading of any remaining credits.
- May take additional enforcement action.

Based on a review of annual reporting data during the six-month period between 1 November 2020 – 30 April 2021⁵, in 28% of instances DELWP requested further action from the landowner before deeming them as compliant (e.g. requested additional herbaceous weed control). Following the requested action, only 3% of landowners were yet to undertake the requested action (i.e. only 3% of offset sites remained non-compliant).

The review outcomes indicate that offset sites are generally compliant, and that annual reporting is critical to ensuring landowners meet their targets. DELWP is continuing to work with the small percentage of landowners yet to undertake the required actions.

⁴ As DELWP is not the regulator of sites established under the *Planning and Environment Act 1987* and *Conservation Trust Act 1972*, DELWP does not hold data on sites regulated by councils or Trust for Nature. As such, data provided in subsequent sections is limited to sites secured under the CFL Act or via a Crown land Memorandum of Understanding.

⁵ To improve data collection and analysis, DELWP implemented a new database to collate and analyse data on offset site compliance in November 2020. In order to provide an accurate and comprehensive evaluation, data analysis within this report largely focuses on data held within this database; as a result some data analysis extends beyond the reporting period outlined in Section 1.

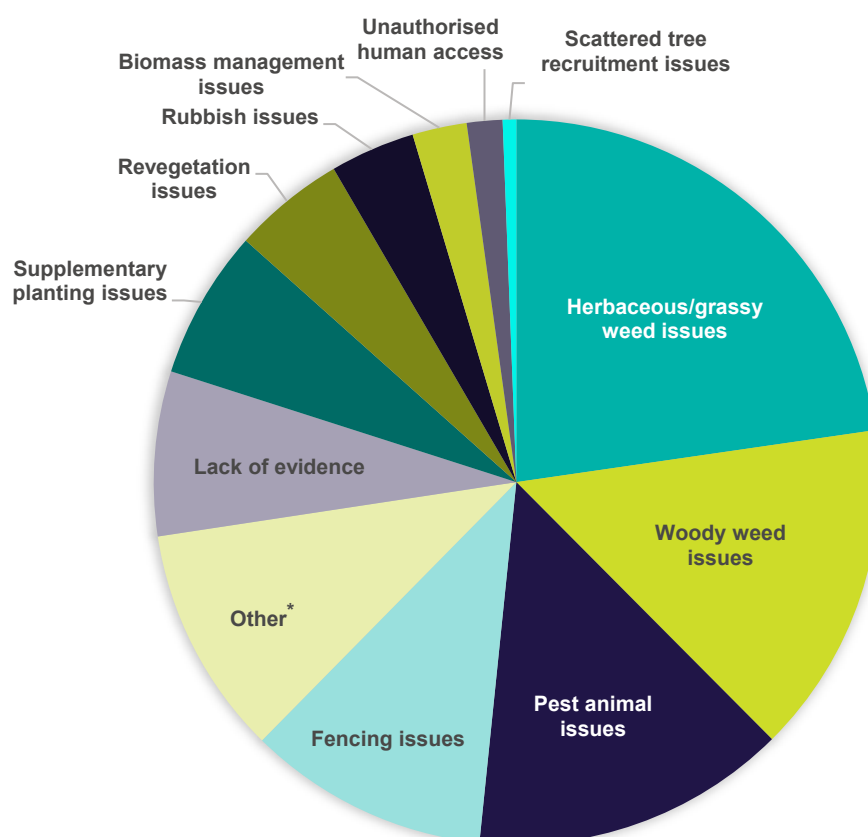


Figure 6 Summary of potential issues identified during a review of annual reports submitted by landowners. Data from 1,461 annual reports and 253 offset sites. * 'Other' potential issues include erosion management, over grazing by macropods, changed water flows into the site, removal of native vegetation or timber and soil disturbance.

4.2.5 Monitoring

On-ground monitoring is used to validate the information provided by landowners in annual reports, help identify any emerging threats, and guide landowners towards meeting their targets. Similarly, to annual reporting, if deemed non-compliant, DELWP provides guidance and governance, withholds any payments due to the landowner, freezes credit trading and may take additional enforcement action.

For the first 10 years of a landowner agreement, DELWP undertakes on-ground monitoring approximately every three years (and every five to ten years after the initial 10-year period) (Figure 5). Monitoring frequency may be increased if a landowner is deemed non-compliant. As of May 2021, DELWP monitored sites secured under the CFL Act every 3.5 years, on average.

In February 2020, a dedicated monitoring officer was appointed to increase the frequency of monitoring undertaken at sites secured under the CFL Act. One hundred and twelve (112) offset sites (44% of all agreements) were monitored between 18 February 2020 and 5 May 2021 (Figure 7). Despite the constraints to conducting monitoring during periods of 2020 due to COVID-19 restrictions, the proportion of sites monitored in 2020 was higher than the majority of preceding years. The monitoring officer will continue to monitor the remaining offset sites.

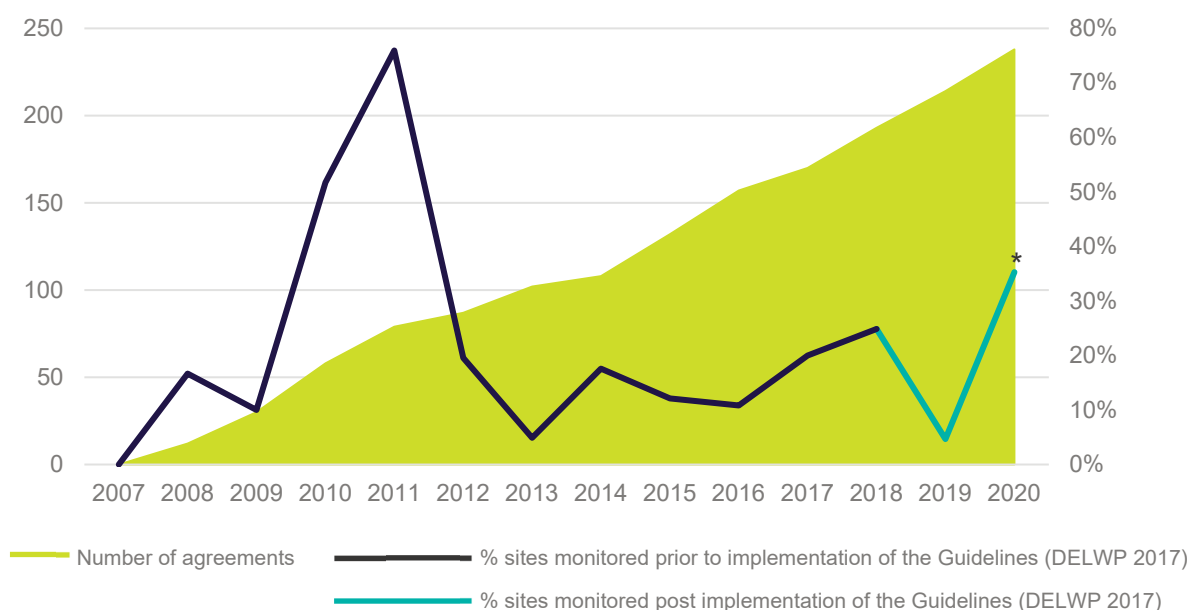


Figure 7 Proportion of offset sites secured under the CFL Act monitored over time. DELWPs current monitoring schedule aims to monitor 30% of sites that are currently within their first ten years of management within any given year (Figure 5).

* Dedicated DELWP monitoring officer appointed in 2020 to increase the number of sites monitored; ability to monitor restricted in 2020 due to COVID-19.

Analysis of DELWP monitoring between 18 February 2020 and 5 May 2021 indicates (Figure 8):

- The majority (73%) of sites monitored are fully compliant, or compliant with only minor issues to be addressed (e.g. a small number of individual weeds requiring removal).
- 24% of sites were assessed as generally compliant, with moderate issues to be addressed (e.g. a moderate infestation of weeds requiring control).
- The majority of landowners (88%) addressed the minor/moderate issues identified by DELWP following a request for further action. DELWP continue to work with the remaining landowners to address residual management issues. Most unresolved issues are generally resolved within 12 months.
- Only 3% of landowners were assessed as non-compliant in managing their offset site (e.g. there were major infestations of weeds remaining uncontrolled). DELWP is continuing to work with these landowners.

The above points indicate that offset sites are generally compliant, and that monitoring is critical in ensuring landowners meet their targets.

Key issues identified during the monitoring for sites secured under the CFL Act include (Figure 9):

- Herbaceous and grassy weed control
- Woody weeds
- Rubbish
- Fencing
- Other issues such as erosion, over grazing by macropods, abundant vehicle tracks and timber removal.

While the establishment and spread of woody weeds was the most commonly recorded issue, herbaceous and grassy weeds were generally considered the highest threat to native vegetation condition in offset sites.

Some of these issues would have been identified by DELWP during the annual report review process. However, many would have been undetected without a site inspection, highlighting the importance of on-ground monitoring by offset site regulators.

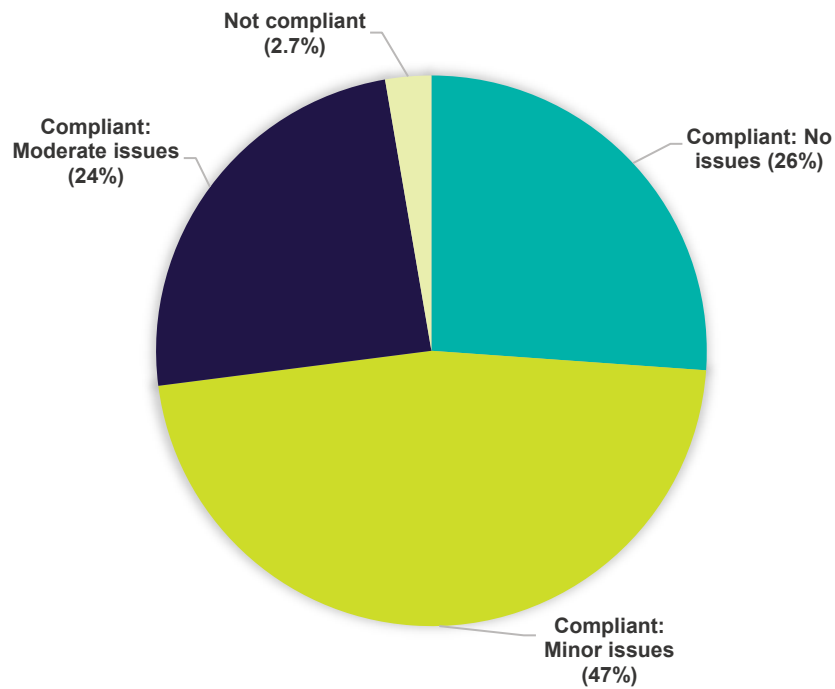


Figure 8 Compliance summary of monitoring assessments between 18 February 2020 and 5 May 2021 (A total of 111 monitoring events).

'Compliant: no issues' = Landowner was meeting all their obligations.

'Compliant: Minor issues' = Landowner was generally meeting their obligations; however, minor issues were identified during monitoring that require action. The issues were not highly threatening to native vegetation condition or did not require urgent action.

'Compliant: Moderate issues' = Landowner was generally meeting their obligations; however, issues were identified during monitoring that generally required immediate action to ensure native vegetation condition was maintained or improved.

'Not compliant' = Landowner was not meeting their obligations to maintain or improve native vegetation condition.

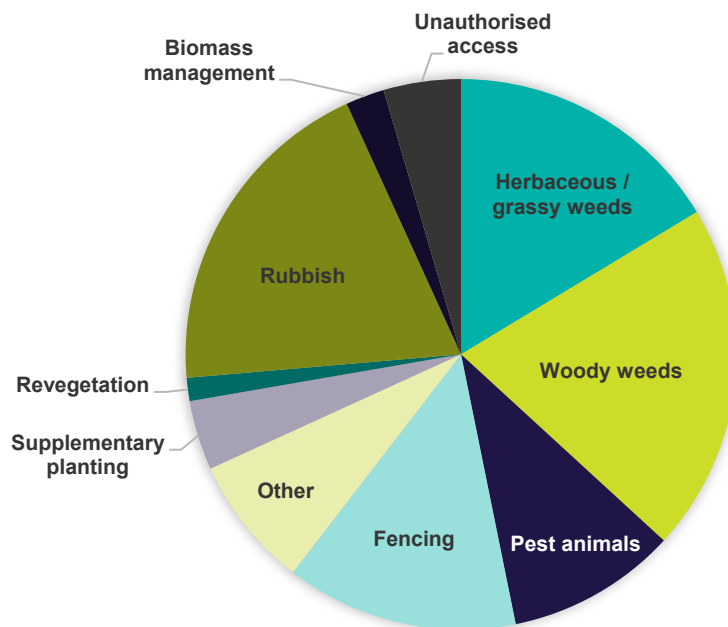


Figure 9 Issues which landowners were required to address following monitoring between 18 February 2020 and 5 May 2021. ¹ 'Other' potential issues include grazing, over grazing by macropods, abundant vehicle tracks, removal of timber. Some actions are included as commitments in all management plans, and therefore have a greater representation than other commitments such as revegetation which is an optional commitment.

4.2.5.1 Improvements

To further improve successful outcomes, DELWP proposes to:

- Review the Management Standards, for Native Vegetation Offset Sites, Native Vegetation Gain Scoring Manual and Quality Assurance standards for Native Vegetation Credit Register site assessors.
- Review compliance mechanisms and enforcement options for landholders not complying with their agreement.
- Conduct further analysis of land management issues relating to herbaceous and grassy weeds in offset sites and work with landowners to improve management responses.

4.2.5.2 Beyond year 10

DELWP has, and will continue to, monitor offset sites and request periodic reports from landowners beyond the 10th anniversary of their landowner agreement, ensuring the sites are maintained in perpetuity. The majority (78%) of offset sites secured under the CFL Act are still within their first 10 years of management, with 95% of agreements being within their 12th year anniversary. Future DELWP monitoring and reporting will focus on agreements beyond their 10th year anniversary, as more agreements reach this milestone (Figure 5).

4.2.5.3 Outcomes of past changes in policy

To help improve success in anticipated gain being achieved (and therefore a no net loss in native vegetation quality and quantity), DELWP is continually improving processes and policy. For example, control of herbaceous and grassy weeds remains a challenge, particularly in grassland ecosystems which inherently have a high cover of grassy and herbaceous weeds (Figure 10). In response to this issue, additional eligibility criteria have been incorporated into the Guidelines (DELWP 2017a). Specifically, to be eligible as an offset site, treeless Ecological Vegetation Classes (EVCs) must have a minimum 'lack of weeds score'⁶ of 7 out of 15. The introduction of this eligibility criterion has led to a significant increase in the ability of landholders to control herbaceous and grassy weeds as sites with a high risk of failure are deemed ineligible (Figure 10).

To further improve successful management of grassland offset sites, DELWP intends to:

- Review existing management standards for grassland offsets (currently in progress) and release revised standards with improved management strategies.
- Review and improve quality assurance processes for the review of management plans ensuring that management actions are appropriate and offset sites are only established where the threat posed by weeds is deemed manageable, and an appropriate level of resources are committed to in advance.

⁶ This is the lack of weeds score determined in accordance with the Vegetation Quality Assessment Manual (DELWP 2017e).

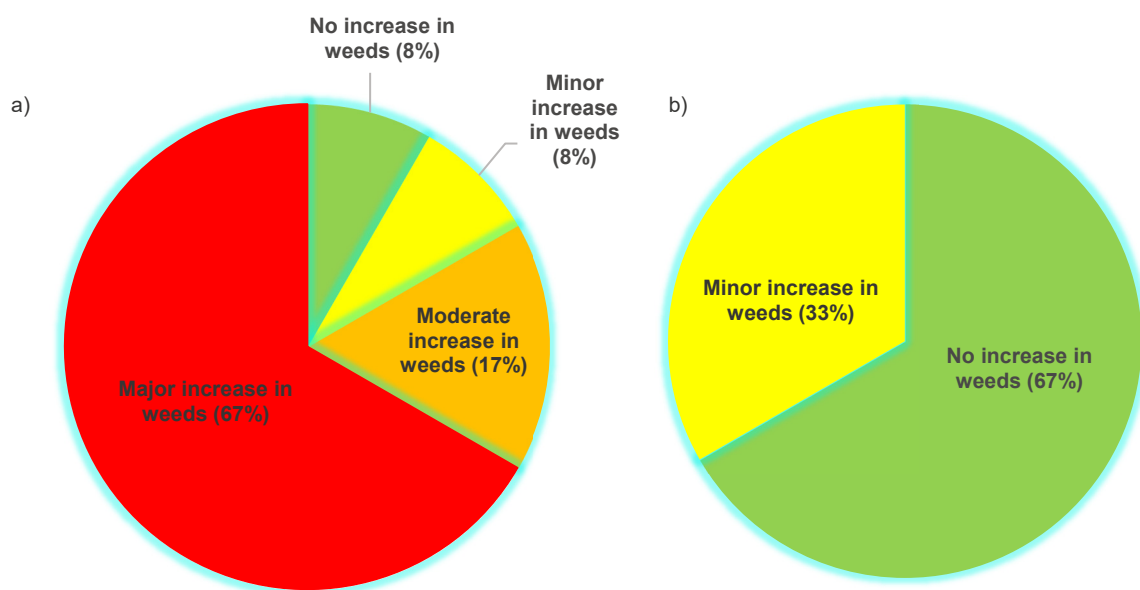


Figure 10 Weed control within grassland offset sites established **a)** prior to current policy (i.e. the Guidelines), and **b)** under current policy, based on most recent monitoring data.

4.2.6 Case studies

4.2.6.1 Protection of remnant woodland

Removal of native vegetation can be offset through gain in native vegetation quality or quantity. The offset site shown in Figure 11 was established to increase the level of protection and management of remnant Grassy Woodland, contributing to a gain in the overall quality of the vegetation community.

Management actions included:

- Excluding stock.
- Installation of a rabbit proof fence.
- Control of grassy and herbaceous weeds, including Wild Oats, Barley-grass, Galenia, Bridal Creeper, Horehound, and Serrated Tussock.
- Elimination of woody weeds.



Figure 11 **a)** Before - understory is made up of mainly weeds such as horehound, and **b)** After - understory is primarily native grasses, herbs and planted native shrubs. The same dead tree in both photographs provides a reference point for comparison.

4.2.6.2 Protection of scattered trees

Large River Red-gums are a defining feature of the south-west Victorian landscape and provide habitat for a range of fauna. Rabbits, overabundant kangaroos, and agricultural grazing often prevent new seedlings establishing. While long lived, existing scattered trees will eventually die, and in the absence of new seedlings to replace them, the woodland landscape and associated habitat will be lost.

Through the removal of stock and increased protection of large scattered trees, landowners of scattered tree offset sites are mitigating this decline of the woodland landscape. By protecting existing scattered paddock trees and removing grazing pressure, new trees are establishing, enabling the continuation of habitat and landscape values (Figure 12).

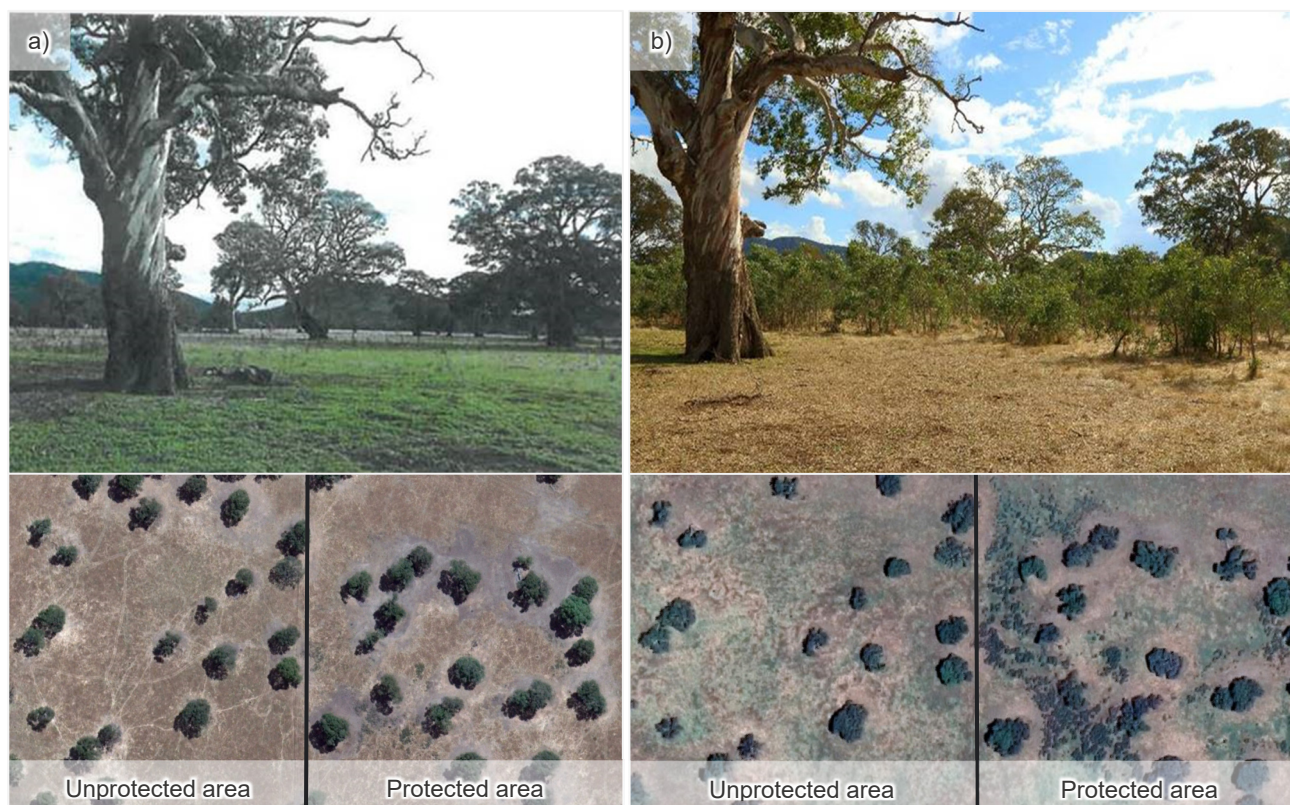


Figure 12 a) Before - No new Eucalypt plants/seedlings establishing, and b) After - abundant new eucalypt plants/seedlings can be seen establishing between the large scattered trees 10 years following the removal of stock.

4.2.6.3 Revegetation

Revegetation projects require careful planning and site preparation but result in increased habitat connectivity and refuges for fauna. Over 7,500 plants were established within the offset site shown in Figure 13, including 24 species from a range of life-forms from canopy trees to tussock-grasses and small-shrubs. A diverse structure was created in only seven years following establishment of the offset site.

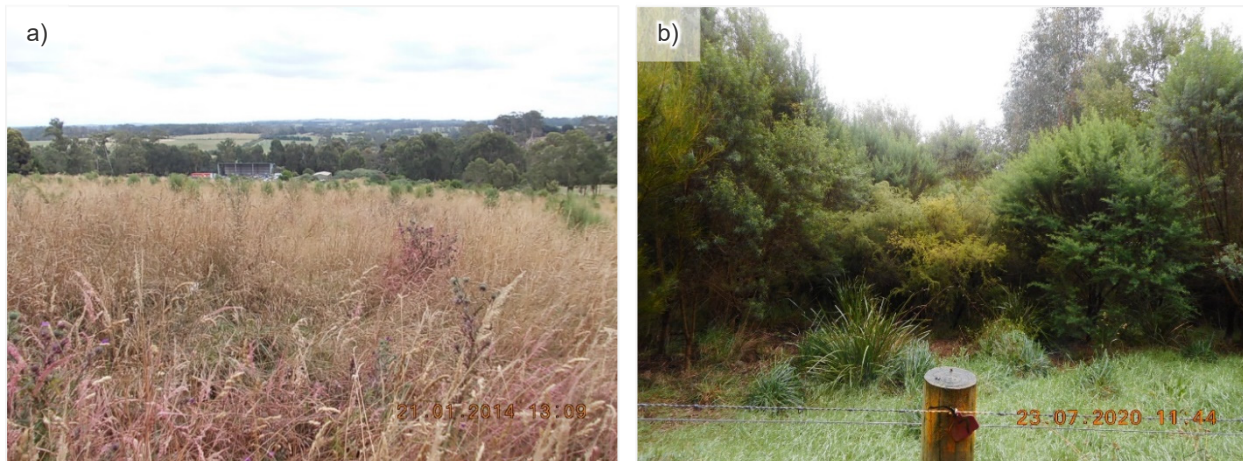


Figure 13 a) Before, and b) after photographs of a scattered tree offset site. No tree recruitment evident upon site establishment, with an abundance of saplings 10 years following the removal of grazing and increased protection and management.

4.2.6.4 Adaptability to ensure no-net loss

Although uncommon, in some circumstances landowners do not meet their obligations to improve native vegetation quality and/or quantity (approximately 3% of landowner agreements are considered non-compliant; Sections 4.2.4 and 4.2.5). In these instances, the regulators of the offset site (council, Trust for Nature, or DELWP) work with the landowners to ensure the required actions are undertaken to meet the no-net loss objective of the Guidelines (DELWP 2017a).

In some cases, targets for an offset site are unable to be met, despite best efforts by the landowner. To prevent this occurring, proposed offset sites undergo a rigorous quality assurance review to ensure sites with a high risk of failure are not established as offset sites (Section 4.2.3). Where failures do occur, a range of mitigation measures may be implemented.

For example, a landowner failed to meet their obligations to revegetate the area of escarpment shrubland shown in Figure 14a. Because the site was located on a dry exposed escarpment, upon review, it was considered that continued revegetation attempts were unlikely to be successful. As such, DELWP required the landowner to establish a substitute offset site. The substitute offset site aimed to generate the required native vegetation gain through increased management of a remnant grassland, rather than through revegetation. The substitute offset site has been successfully managed, with improved biodiversity values recorded (Figure 14b).

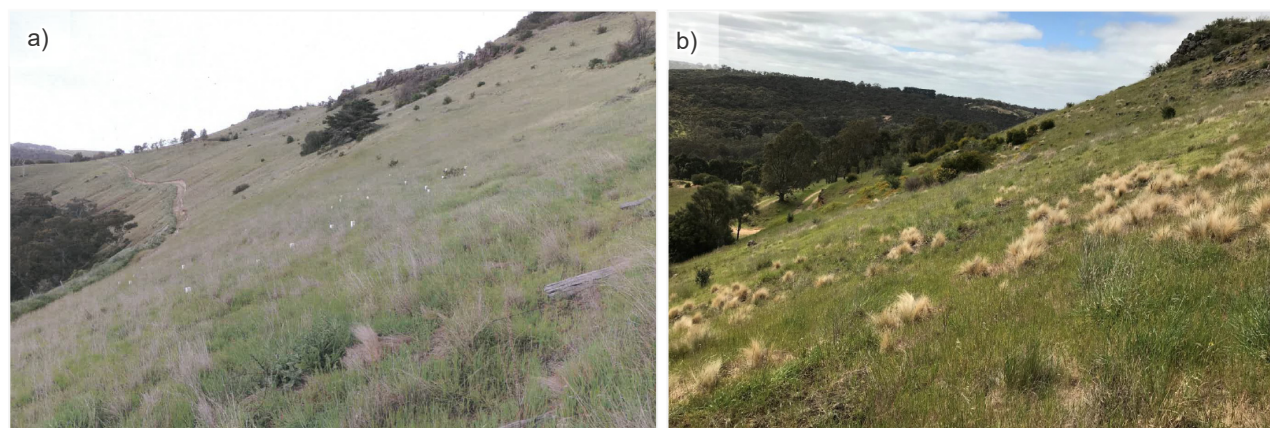


Figure 14 a) Failed revegetation offset site (white tree guards visible), and b) A substitute remnant grassland offset site established to compensate for the failed revegetation offset site (dead grassy weeds visible following herbicide treatment).

5 Summary and objective evaluation

Native vegetation forms the basis of Victoria's ecological communities and is vital for the health of our environment.

DELWP is responsible for administering the regulatory framework established to manage and protect native vegetation and the associated biodiversity values across Victoria. Achieving the no net loss objective which underpins the regulations is crucial to meeting the State Government's long-term commitments to biodiversity, as detailed in the *Biodiversity 2037 Plan* (DELWP 2017b).

The removal of native vegetation in Victoria can be categorised as follows:

- Permitted removals, as listed in Section 2.
- Unpermitted or non-reportable removals, including:
 - Native vegetation removal associated with non-compliant actions i.e. the illegal removal of native vegetation without a permit.
 - Removals undertaken in accordance with specific permit exemptions that don't require engagement with a responsible authority or DELWP e.g. the Fences, Regrowth and Site Area Exemptions etc.

Evaluation of the no net loss objective focusses on permitted removals only. Monitoring and evaluation of the net gain objective established under the *Biodiversity 2037 Plan* (Section 1.1) will account for impacts on native habitats associated with permitted, unpermitted and non-reportable removals.

For the purposes of this evaluation, the no net loss objective is considered achieved when permitted native vegetation removal is undertaken in accordance with the three-step approach (avoid, minimise and offset). The three-step approach is dependent on the following outcomes, which form the basis of evaluation:

- **Outcome 1:** A functioning and effective regulatory framework i.e. the existing legislation, policies, systems and tools that form and support the NVR.
- **Outcome 2:** Adherence to the regulatory framework by all stakeholders, including DELWP, responsible authorities, applicants, consultants and the broader community.

The scope of this three-yearly report accords with the MER Plan (DELWP 2019a), with additions incorporated in line with the adaptive MER framework. A number of key questions relating to the above noted outcomes have been evaluated, resulting in the following conclusions:

- **Outcome 1:**
 - Section 3.1 - Are DELWP's systems and tools that support the NVR functioning correctly, helpful and effective?

The results of a stakeholder survey completed by 214 respondents indicated that a range of stakeholders are using the key systems and tools supporting the NVR. Overall, the substantial majority of respondents considered the functionality and effectiveness of each tool to be either 'Ok', 'Good' or 'Very good'. Respondents raised a range of issues and suggested improvements, some of which are already subject to existing policy improvement projects and others which will be reviewed and actioned by DELWP, where feasible.

- Section 3.2 - Are the proposed improvement actions outlined in the *Outcomes Report* (DELWP 2016) being implemented?

All 18 improvement actions outlined in the *Outcomes Report* (DELWP 2016) have been completed, noting that most have an ongoing component which will continue to be implemented by DELWP.

- Section 3.3 - What other initiatives has DELWP implemented to support the NVR during the reporting period?

DELWP has implemented a range of initiatives during the reporting period to improve the functionality of the NVR. These initiatives have either been triggered by the transition to the 2017 regulations or identified by key stakeholders. DELWP will continue to adaptively improve the overall effectiveness and functionality of the NVR.

- **Outcome 2:**

- Section 4.1 - What regulated activity has occurred during the reporting period? Have offsets been secured for all permitted removals?

A significant amount of activity relating to permitted native vegetation removal has occurred over the reporting period (Table 2). Given the evolving scope of annual reporting, comparisons between Years 2 (2018/19) and 3 (2019/20) are most appropriate. Based on the recorded data, the following activity occurred over the two-year period:

- At least 651 permits were granted under the 2017 regulations, resulting in the removal of approximately 202 hectares of native vegetation, including 1,239 Large Trees.
- 46 offset sites were established, resulting in the protection of 2,430 hectares of native vegetation.

The evaluation highlighted that the process of reconciling permitted native vegetation removals and secured offsets is inherently constrained by the nature of the regulatory process and data collection issues. As such, evaluation of the no net loss objective cannot be reliant on this process alone. Further detail regarding this point is provided in the following sections.

In terms of determining if the no net loss objective has been achieved during the reporting period, the evaluation of key questions outlined in this report indicate that the appraised components of the regulatory framework are functional and effective. According to the available data, the majority of stakeholders are adhering to the regulations. However, opportunities to improve the MER process and address key information gaps have been highlighted.

DELWP will continue to adaptively improve the NVR and MER framework. Continued evaluation of the no net loss objective will be undertaken in subsequent Annual Reports, which will be guided by the indicators outlined in Table 3. A comprehensive evaluation of the no net loss objective will occur in the Six-yearly Report, as directed by the MER Plan.

- Section 4.2 - Are offset sites being appropriately managed?

The evaluation, which incorporated analysis completed beyond the reporting period, indicated that the majority of offset sites established under the CFL Act are compliant.

A small proportion (approximately 3%) of landowners have not met their obligations to maintain or improve native vegetation quality or quantity. In some circumstances, this is despite best efforts by the landowner and in other circumstances it may be due to insufficient effort or resources. Adaptive management is required to mitigate these risks and ensure the objective of no-net loss of native vegetation quality and quantity is achieved.

The evaluation identified that the control of herbaceous and woody weeds is the primary challenge faced by landowners. Diligent quality assurance checks of proposed offset sites, monitoring and landowner reporting is critical to ensuring landowners meet their targets.

The evaluation identified that DELWP has, and will continue to, adaptively improve the processes that ensure landowner compliance. Future planned improvements include:

- Review of the Management Standards for Native Vegetation Offset Sites, Native Vegetation Gain Scoring Manual, Quality Assurance standards for Native Vegetation Credit Register site assessors, management plan templates and annual reporting templates.
- Review of compliance mechanisms for enforcement actions by offset site regulators.
- Review of management standards for offset sites, and release of additional management standards where appropriate.

- Review and improvement of quality assurance processes for new offset site proposals, ensuring that management actions are appropriate, and that only sites where significant threats can be managed are established as offsets.

Analysis undertaken as part of this Three-yearly Report focussed on evaluating the extent that offset site management actions are being implemented. Further monitoring and evaluation is required to analyse whether the predicted gains are being achieved on-ground as a result of these management actions. In accordance with the MER Plan (DELWP 2019a), this analysis will be undertaken as part of the Six-yearly Report.

As outlined above and in Section 4.1.2, the prospect of demonstrating achievement of the no net loss objective by linking permits with allocated credit extracts is highly constrained. This limitation highlights the need to clearly establish the quantitative and qualitative indicators to be incorporated in ongoing evaluations of the no net loss objective (i.e. subsequent annual reporting and the Six-yearly Report). This information is presented in Table 3.

The indicators identified in Table 3 will facilitate a qualitative and quantitative-based evaluation of the no net loss objective, based on the data and information able to be collected. In line with the adaptive framework provided by the MER Plan, DELWP will continue to adjust and improve the evaluation process.

Table 3 Indicators for ongoing evaluation of the no net loss objective (to be addressed in Annual Reports unless stated otherwise)

Indicator	Method - Data collection and analysis
<u>Outcome 1 - A functioning and effective regulatory framework</u>	
1. Key initiatives completed by DELWP to support the NVR (e.g. policy updates, updated or new guidance material etc).	Data collected through DELWP's internal systems. Analysed and reported qualitatively.
2. Extent of engagement with key stakeholders, including the distribution of Native Vegetation Newsletters and meetings with the Native Vegetation Advisory Group.	
3. Training delivered to key stakeholders.	
4. Number of responses provided from support email accounts.	Data collected through DELWP's internal systems. Analysed and reported quantitatively.
5. Utilisation of the NVCR Search Tool, NVIM Tools and EnSym Tool.	
6. Number of VQA competency check sessions completed and the resulting number of confirmed competent assessors.	
7. Number of wetland and species exclusion cases processed by DELWP.	
8. Stakeholder satisfaction with systems and tools supporting the NVR (for inclusion in 6-yearly report).	<p>Completion of a stakeholder survey to gauge the effectiveness and functionality of the systems and tools supporting the NVR.</p> <p>Qualitative and Quantitative analysis including but not limited to:</p> <ul style="list-style-type: none"> • Rated effectiveness and functionality of tools by all respondents. • Rated effectiveness and functionality of tools by high-frequency users. • Issues and suggested improvements raised by respondents. • DELWP response times.

Indicator	Method - Data collection and analysis
<u>Outcome 2 - Adherence to the regulatory framework by all stakeholders</u>	
9. The extent of permitted removal and offsetting activity, including: <ul style="list-style-type: none"> • Permitted removals (number of approvals, associated extent of loss and offset obligations). • New offset sites established (type and associated extent of protection). • Credit allocations (value, number of allocations made, subject regulations and the transferred units). 	Data will be collated from all potential sources of permitted removal (Section 2), including Data Logs submitted by responsible authorities and returns from proponents accessing reportable exemptions.
10. Number of permitted removals that can be matched with offsets.	Despite the limitations (Section 4.1.2), approvals will be linked with allocated credit extracts where possible. In recognition of the constraint relating to the time between approval and offsetting, attempts will be made to align unlinked approvals from preceding years.
11. Offset compliance - <ul style="list-style-type: none"> • Number of Annual Reports submitted by landowners. • Number of Annual Report evaluations requiring further action. • Number of outstanding non-compliant offset sites. • Number of offset site monitoring visits completed (Figure 5). • Number of compliant and non-compliant sites identified through site visits and annual report evaluation (and issues identified). 	Data collected through DELWP's internal systems, and where available data from Trust for Nature and/or councils. Analysed and reported qualitatively and quantitatively.

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